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No Shortage of Gold — Hans F. Sennholz — 515
When money is politically managed instead of market-determined, the result is inflation and economic chaos.

Down with National Priorities — Arthur S. Mode — 523
Let each pursue happiness in his own way at his own risk.

Portrait of an Evil Man — Erik von Kuehnelt-Leddihn — 525
The world-impact of Karl Marx and his message.

Hobson's Choice — Edward Y. Breese — 533
Not the head politician but the individual citizen determines the nature of the economy and body politic.

The Limits of Credulity — Roger Donway — 537
An analysis of the dilemma of revisionist historians in their attempt to justify post-war foreign policy.

If I Were King — Leonard E. Read — 547
To even wish for power over others makes one a slave.

Competition: Classroom Theory vs. Business Reality — Mark Peterson — 550
If consumers had no choice, anyone could manage a business.

A Weary Distance — R. W. Demers — 555
By the sweat of one's brow does his garden grow.

Was Plato a Collectivist? — John J. Roberts — 557
Plato outgrew his youthful dreams of communal living.

Economics and the Press — Brian Summers — 564
Why the press must be free of subsidies.

Imitation — R. J. Rushdoony — 566
Imitation of the idle rich, while despising productivity and abundance, is a form of mass suicide.

Book Review: — 573
"Eyewitness to History" by Isaac Don Levine

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HANS F. SENNHOLZ

No $HORTAGE of Gold

MANY ECONOMISTS seem to agree on the virtues of the gold standard. It limits the power of governments or banks to create excessive amounts of paper currency and bank deposits, that is, to cause inflation. And it affords an international standard with stable patterns of exchange rates that encourage international trade and investments. But the same economists usually reject it without much hesitation because of its assumed disadvantages.

The gold standard, they say, does not allow sufficient flexibility in the supply of money. The quantity of newly mined gold is not closely related to the growing needs of the world economy. If it had not been for the use of paper money, a serious shortage of money would have developed and economic progress would have been impeded. The gold standard, they say, also makes it difficult for a single country to isolate its economy from depression or inflation in the rest of the world. It does not permit exchange rate changes and resists government controls over international trade and payments.

It is true, the gold standard makes it difficult to isolate one country from another. After all, the common currency that is gold would invite exchanges of goods and services and thus thwart an isolationist policy. For this reason, completely regimented economies cannot possibly tolerate the gold standard that springs from economic freedom and inherently resists regimentation. It is true, the gold standard also exposes all countries that adhere to it to imported inflations and depressions.

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But as the chances of any gold inflation—and depression that would follow such an inflation—are extremely small, the danger of contagion is equally small. It is smaller by far than with the floating fiat standard that suffers frequent disruptions and uncertainties, or with the dollar-exchange standard that actually has inundated the world with inflation and credit expansion.

It must also be admitted that the gold standard is inconsistent with government controls over international trade and payment. But we should like to question the objection that the newly mined gold is not closely related to the growing needs of business and that a serious shortage of money would have developed without the issue of paper money. In fact, this popular objection to the gold standard is rooted in several ancient errors that live on in spite of the refutations by economists.

Gold in History

There is no shortage of gold today and there has been no such shortage in the past. Indeed, it is inconceivable that the needs of business will ever require more gold than is presently available. Gold has been an item of wealth and a medium of exchange in all of the great civilizations. Throughout history men have toiled for this enduring metal and used it in economic exchanges. It has been estimated that most of the gold won from the earth during the last 10,000 years, perhaps from the beginning of man, can still be accounted for in man's vaults today, and in ornaments, jewelry, and other artifacts throughout the world. No other possession of man has been so jealously guarded as gold. And yet, we are to believe that today we are suffering from a serious shortage of gold and therefore must be content with fiat money.

Economic policies are the product of economic ideas. This is true also in the sphere of monetary policies and the organization of the monetary system. The advocates of government paper and foes of gold are motivated by the age-old notion that the monetary system in scope and elasticity has to be tailored to the monetary needs of business. They believe that these needs exceed the available supply of gold, which deprives it of any monetary usefulness and thus makes it a relic of the distant past.

The Monetary Needs of Business

With most contemporary economists, the notion of the monetary requirements of business implies the need for an institution, organization, or authority that will de-

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termine and provide the requirements. It ultimately implies that the government must either establish such an institution or provide the required money itself. These writers, in fact, accept without further thought government control over the people's money. Today, all but a few economists readily accept the apparent axiom that it is the function of the government to issue money and regulate its value. Like the great classical economists, they blindly trust in the monetary integrity and trustworthiness of government and the body politic. But while we can understand the faith of Hume, Thornton, and Ricardo, we are at a loss to explain the confidence of our contemporaries. We understand Ricardo when he proclaimed that "In a free society, with an enlightened legislature, the power of issuing paper money, under the requisite checks of convertibility at the will of the holder, might be safely lodged in the hands of commissioners . . ."[1] The English economists had reason to be proud of their political and economic achievements and confident in the world's future in liberty. However, it is more difficult to understand any such naive confidence today. After half a century of monetary depreciation and economic instability, still to accept the dogma that it is the proper function of government to issue money and regulate its value, reflects a high degree of insensibility to our monetary plight.

A Persistent Fallacy

And yet, the world of contemporary American economics blindly accepts the dogma. It is true, we may witness heated debates between the Monetarists and Keynesians about the proper rate of currency expansion by government, or the proper monetary/fiscal mix of Federal policy. But when their squabbles occasionally subside they all agree on "the disadvantages" of the gold standard and the desirability of fiat currency. They vehemently deny the only alternative: monetary freedom and a genuine free market.

The money supply needs no regulation; it can be left to the free market in which individuals determine the demand for and supply of money. A person wants to keep a certain store of purchasing power, a margin of wealth in the form of money. It does not matter to him whether this wealth is represented by a few large units of money or by numerous smaller units with the same total purchas-

[1] Ricardo, David. *Principles of Political Economy and Taxation* in "The Works and Correspondence of David Ricardo," ed. by Piero Sraffa, Vol. I, Cambridge, 1951, p. 362.

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ing power. And he is not interested in an increase in the number of units if such an increase constitutes no addition to his wealth. This is not to deny that people frequently complain about their "lack of money" or their "need for more money." What they mean, of course, is additional wealth, not merely more monetary units with smaller purchasing power. But this popular mode of expression probably has contributed to the spread of erroneous notions according to which monetary expansion is identical with additional wealth. Our present policies of inflation seem to draw public support from this primitive confusion.

More than 200 years ago John Law was victim of this confusion when he stated that "a larger quantity (of money) employs more people than a smaller one. And a limited quantity can employ only a proportionate number." It also made Benjamin Franklin denounce the "want of money in a country" as "discouraging laboring and handicraft from coming to settle in it." And it made Alexander Hamilton advocate currency expansion for the development of the "vast tracts of waste land." But only additional real capital in the shape of plants and equipment can employ additional people at unchanged wage rates, or develop new tracts of land. It is true, even without additional capital, a market economy readily adjusts to additions in the labor supply until every worker who seeks employment is fully employed. But in this process of adjustment wage rates must decline on account of the decling marginal productivity of labor. Monetary expansion tends to hide this wage reduction as it tends to support nominal wages, or even may raise them, while real wages decline.

The "full-employment" economists, such as Lord Keynes and his followers, recommend monetary expansion because of this very wage reduction. They correctly realize that institutional maladjustments may prevent a necessary readjustment and thus cause chronic unemployment. The labor unions may enforce wage rates that are higher than the market rates, which inevitably leads to unemployment. Or political expedience may call for the enactment of minimum wage legislation that causes mass unemployment. Under such conditions the full-employment economists recommend monetary expansion as a face-saving device for both the labor government and labor unions. But while it alleviates the unemployment, it causes a new set of ominous effects. It originates the economic boom that will be followed by an-

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other recession. It benefits the debtors at the expense of the creditors. And while it depreciates the currency, it causes maladjustment and capital consumption and destroys individual thrift and self-reliance.

Consequences of Depreciation

In fact, the effects of currency depreciation, no matter how expedient such a policy may be, are worse than the restrictive effects of labor legislation and union policies. Furthermore, monetary expansion as a face-saving device sooner or later must come to an end. If not soon abandoned by a courageous administration, it will destroy the currency. If it is abandoned in time, the maladjustments and restrictive effects of labor legislation and union policies will then be fully visible.

No matter how ominous and ultimately disastrous this array of consequences of currency expansion may be, it is immensely popular with short-sighted and poorly-informed people. After all, currency expansion at first generates an economic boom; it benefits the large class of debtors; it causes a sensation of ease and affluence; it is a face-saving device for popular but harmful labor policies; and last but not least, it affords government and its army of politicians and bureaucrats more revenue and power than they would enjoy without inflation. But all these effects that may explain the popularity of currency expansion do not prove the necessity of expanding the stock of money for any objective reason. In fact, *an increase in the money supply confers no social benefits whatsoever.* It merely redistributes income and wealth, disrupts and misguides economic production and, as such, constitutes a powerful weapon of conflict within society.

In a free market economy, it is utterly irrelevant what the total stock of money should be. Any given quantity renders the full services and yields the maximum utility of a medium of exchange. No additional utility can be derived from additions to the quantity of money. When the stock is relatively large, the purchasing power of the individual units of money will be relatively small. And when the stock is small, the purchasing power of the individual units will be relatively large. No wealth can be created and no economic growth can be achieved by changing the quantity of the medium of exchange. It is so obvious, and yet so obscured by the specious reasoning of special interest spokesmen, that the printing of another ton of paper money does not create new wealth. It merely wastes valuable paper re-

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sources and generates the redistributive effects mentioned above.

Money is only a medium of exchange. To add additional media merely tends to reduce their exchange value, their purchasing power. Only the production of additional consumer goods and capital goods enhances the wealth and income of society. For this reason, some economists consider the mining of gold a sheer waste of capital and labor. Man is burrowing the ground in search of gold, they say, merely to hide it again in a vault underground. And since gold is a very expensive medium of exchange, why should it not be replaced with a cheaper medium, such as paper money?

If gold were to serve merely as medium of exchange, new mining would indeed be superfluous. But it is also a commodity that is used in countless different ways. Its mining, therefore, does enrich society in the form of ornaments, dental uses, industrial products, and the like. Gold mining is as useful as any other mining that serves to satisfy human wants.

The Law of Costs Applies to Money

Actually, the great expense of gold mining and processing assures the limitation of its quantity and therefore its value. Both gold and paper money are subject to the "law of costs," which explains why gold has remained so valuable over the millenia and why the value of paper money always falls to the level of costs of the paper. This law, which is so well-established in economic literature, states that *in the long run the market price of freely reproducible goods tends to equal the costs of production.* For if the market price should rise considerably above cost, production of the goods becomes profitable, which invites additional production. When more goods are produced and offered on the market, their price begins to fall in accordance with the law of demand and supply. Conversely, if the market price should fall below cost and inflict losses on manufacturers, production is restricted or abandoned. Thus, the supply in the market is decreased, which tends to raise the price again in conformity with the law of supply and demand. Of course, the law of costs does not conflict with the basic principle of value and price. Their determination originates in the consumers' subjective valuations of finished products.

The law of costs obviously is applicable to gold. When its exchange value rises, mining becomes more profitable, which will encourage the search for gold and invite mining of ore that heretofore was unprofitable because of low gold content or other high

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mining costs. When additional quantities of gold are offered on the market, its exchange value or purchasing power tends to decline in accordance with the law of supply and demand. Conversely, when its exchange value falls, the opposite effects tend to ensue, thus discouraging further mining.

A Delayed Reaction

That paper money is subject to the law of costs is vehemently denied by all who favor such money. After all, they retort, the profit motive does not apply to its production and management. Its exchange value may be kept far above its cost of manufacture through wise restraint and management by monetary authorities.

It must be admitted that the law of costs works slowly on money, more slowly indeed than on other goods. It may take several decades before the paper money exchange value falls to the level of manufacturing costs. After all, the fall is rather considerable, from the value of gold – for which the paper money first substitutes – to that of the printing paper. Few other commodities ever experience such a large discrepancy between market value and manufacturing costs when the law of costs begins to work. But this original discrepancy does not refute the applicability of the law; it merely offers an explanation for the length of time needed for the price-cost adjustment.

It must also be admitted that a certain measure of restraint prevents an immediate fall of the paper money value to the level of manufacturing costs. Popular opposition prevents the monetary authorities from multiplying the quantity of paper issue too rapidly, which would depreciate its value at intolerable rates and lead to an early disintegration of the exchange economy. In a democratic society these monetary authorities and their political employers would soon be removed from office and be replaced by others promising more restraint.

But no matter who manages the fiat money, the law of costs is working quietly and continuously. After all, the manufacturers do profit from a gradual expansion of the money supply. The profit motive is as applicable to money as it is to all other goods. The only difference between the manufacturer of fiat money and that of other goods is the monopolistic position of the former and the normally competitive limitations of the latter. Who would contend that the incomes and fortunes of central bankers and the jobs of many thousands of their employees do not provide a powerful motive for currency expansion? To

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stabilize the stock of money is to deny them position and power and thus income and wealth.

Political Motivation

The profit motive for fiat money expansion is even stronger with the administration in power and thousands of politicians seeking the votes of their electorates. Election to high political office usually assures great personal fortune, prestige, and power, and successful politicians quickly rise from rags to riches. But in order to be elected in a redistributive conflict society, commonly called the welfare society, the candidate for political office is tempted to promise his electorate any conceivable benefit. It is true, he may at first propose to tax the rich members of his society whose few votes may be ignored. But when their incomes and fortunes no longer yield the additional revenue needed for costly handouts, called social benefits, the welfare politician resorts to deficit spending. That is to say, he calls for currency expansion that facilitates the government expenditures that hopefully win the vote and support of his electorate and thus assure his election. When seen in this light, the profit motive is surely applicable to the manufacture of paper money.

Or, the politicians in power conduct full-employment policies through easy money and credit expansion. In search of the popular boom that would assure their re-election, they spend and inflate and thus set into operation the law of costs. Who would believe that such policies are not motivated by the personal gains that accrue to the politicians in power?

But this profit motive must be sharply distinguished from that in the competitive exchange economy. When encompassed by competition, the motive is a powerful driving force for the best possible service to the ultimate bosses, the consumers. It raises output and income and leads to capital formation and high standards of living. But in the case of the monopolistic manufacture of paper money by government authorities, the profit motive finds expression in currency expansion, which is inflation. In the end, when the law of costs has completely prevailed and the exchange value of money equals the cost of paper manufacture, not only the fiat money is destroyed but also the individual-enterprise private-property order. For inflation not only bears bitter economic fruits but also has evil social, political, and moral consequences.

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Down With National Priorities

ARTHUR S. MODE

THERE IS a great deal of talk about "re-ordering our national priorities," and insistence that the public must speak up and be heard. Seldom identified is the fact that the concept of "national priorities" refers to objects of *government* spending. Seldom noted is the fact that consumers, acting privately in a free market place, always have had a choice of priorities. Whenever a person chooses product A over product B, he is ordering his priorities. Only busybodies try to tell their friends what the latter's priorities – tastes, values, preferences – should be. Therefore, the whole notion of setting "national priorities" reduces us, in effect, to a nation of busybodies.

The concept of "national priorities" implies that a choice exists between governmental functions of *unequal* importance. When government is restricted to its proper functions – the police function, the judicial function, and providing for the defense of the country – there can be no question of "priorities." Each of these functions is equally necessary if the preservation of individual rights is to be more than a slogan. The army, the police, and the courts are all equally indispensable for such protection. To ask citizens to compare in importance these three functions with other government activities – for example, the police function versus the development of a mass transit system – is to miss the difference between the essential and the nonessential, between jobs that *must* be done by government to carry out its purpose and jobs that could just as well be done by private enterprise, with no loss of individual rights (with a gain in fact).

Note that the need for police, judicial, and military services is, by the nature of the adversary, limited. But when the government is funding a whole raft of economic, social, educative, and health programs, where the goals are always, by their nature, unlimited and nebulous (for example, "a decent life for every American"), there can never be enough resources available to fund all of

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them as much as their backers would like, so some have to be funded less than others. But by what standard should the "mores" be selected? Answer: there can be no reasonable standard for selecting one over the other, because there is no common denominator by which to measure the relative values of such diverse endeavors as, say, cancer research and the Tennessee Valley Authority. So, arbitrary standards must be used.

One way of picking priorities is to have an autocratic leader, but Americans have traditionally shunned overt totalitarians. A variation of autocracy is unlimited majority rule – democracy – with dictatorial powers wielded by "the 51 per cent" rather than by the individual leader. Again, Americans traditionally have had too much respect for the rights of the minority to permit unlimited majority rule. Another way of selecting is by continual tests of strength between vying special interest groups. This is what we have now. Less politely, we have gang warfare between different groups, each with a vested interest in government funds. Medical researchers lament when "their" funds are threatened. Welfare rights groups lament any diminution of "their" funds. And so it goes. Of course, they do more than lament: they issue frightening forecasts, demonstrate, occupy buildings, start legal suits, and the like. In time, the politically strongest groups get their desires met first. This necessarily leaves many other groups (or nonorganized individuals) with their desires for public funds unmet. Therefore, the initial idea of giving the entire public a voice in setting "national priorities" is doomed to defeat. Some voices will be heeded, others will not. This is inevitable under our present system.

Therefore, I say: down with "national priorities"; up with individual priorities! In the free and competitive market place, *all* voices can be heard. Each citizen arranges his own preferences, but not his neighbor's. No one has his choices overridden by stronger political pressure groups. For instance, a worker who wants to buy an automobile doesn't have to cancel his order because the mass transit lobby convinced legislators to make mass transit a "national priority," resulting in higher taxes that left the worker with insufficient funds to buy the car.

In that case, the government can devote itself wholly to its three essential functions. It can serve simply as an umbrella, protecting us from the reign of force and fraud, as each of us pursues his own brand of happiness.

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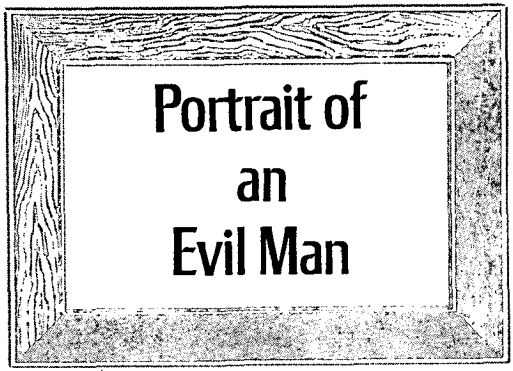

ERIK VON KUEHNELT-LEDDIHN

IN THE "German Democratic Republic" they tell the story about a weary old man who tries to gain entrance into the Red Paradise. A Communist Archangel holds him up at the gate and severely cross-questions him:

"Where were you born?"

"In an ancient bishopric."

"What was your citizenship?"

"Prussian."

"Who was your father?"

"A wealthy lawyer."

"What was your faith?"

"I converted to Christianity."

"Not very good. Married? Who was your wife?"

"The daughter of an aristocratic Prussian officer and the sister of a Royal Prussian Minister of the Interior who persecuted the Socialists."

"Awful. And where did you live mostly?"

"In London."

"Hm, the colonialist capital of capitalism. Who was your best friend?"

"A manufacturer from the Ruhr Valley."

"Did you like workers?"

"Not in the least. Kept them at arm's length. Despised them."

"What did you think about Jews?"

"I called them a money-crazy race and hoped that they would vanish from the Earth."

"And what about the Slavs?"

"I despised the Russians."

"You must be a fascist! You even dare to ask for admission to the Red Paradise – you must be crazy! By the way, what's your name?"

"Karl Marx."

Man, indeed, is a very strange animal. This has been proved in

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many ways, but especially by the Marx-renaissance of recent decades. And yet the ideas of this odd and by no means constructive thinker are responsible all over the world for rivers of blood and oceans of tears. There can be no doubt that without the Communist challenge National Socialism, its competitor, would never have succeeded. Hitler boasted to Rauschning that he was the real executor of Marxism (though "minus its Jewish-Talmudic spirit"); thus the macabre death dance of our civilzation in the past fifty years is due to that scurrilous, evil and unhappy man who spent half his life copying endless passages from books in the British Museum Library's reading room. Yet, with the exception of numerous pamphlets and the first volume of a book, he left nothing but badly assembled, unpublishable manuscripts and a mountain of notes. It was his friend Friedrich Engels who, with the most laborious efforts, had to bring them into shape.

New Interest from the Left

This Marx-renaissance is due largely, but not solely, to the rise of the New Left which argues that the dear old man had been thoroughly misunderstood by the barbaric Russians. Also a number of men and women would be horrified to be called Socialists or Communists but still have a soft spot in their hearts for a man who "at least was filled with compassion for the poor and was an admirable father and a tender husband." Surely, Marx was a complex and contradictory person, and the renewed attention paid to him has produced a number of German books analyzing this most fatal figure of our times. Destructive ideas almost unavoidably derive from a destructive and – in this case – rather repulsive person.

Karl Marx was born in Trier, of Jewish parents, in 1818. Only a few years earlier this Catholic bishopric was forcibly incorporated into the Kingdom of Prussia and Karl Marx's father embraced the Lutheran faith of the Prussian occupants. The children and the rather reluctant mother were baptized by a Prussian army chaplain only at a later date. The deism of Enlightenment was the true faith of Heinrich Marx who, however, was a cultured man and a devoted father. Young Karl finished high school-college with flying colors at the age of seventeen and set out to study law which he shortly abandoned for philosophy, eyeing the possibility of an academic career. He first matriculated in Bonn, then in Berlin where he fell under the spell of the Hegelians. He received his Ph.D. from

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the University of Jena, but renounced the idea of becoming a professor. He also gave up writing his self-centered poetry and his dream of running a theatrical review. He then married into the Prussian nobility and established himself as a free-lance writer in Paris where he soon clashed with the more humanitarian French socialists. He moved to Cologne, then returned to Paris and, finally – expelled from Belgium as an enemy of the established order – he took a permanent abode in London where, with interruptions, he remained until his death in 1883.

So much for the facts of his life. Within the last decade three books have been published in German analyzing Marx psychologically. These tomes are very different in scope but they hardly vary in their judgments. The authors belong to no "school" in particular, but all are serious students of our "hero's" works and personal history. These books are *Marx,* by Werner Blumenberg, a small, but exceedingly readable paperback (1962), *Karl Marx, Die Revolutionäre Konfession* by Ernst Kux (1967) and *Karl Marx, Eine Psychographie* by Arnold Künzli (1966). The last two have not been published in the United States and whoever is acquainted with the tremendous difficulties encountered by translations of learned books in the United States will not be surprised. The reasons for this state of affairs are not solely of a financial nature. This article is partly based on the work of these authors.

A Generation Gap

Let us return to the personality of the founder of socialism and communism. Even as a young man Marx does not appear to have been attractive. As a student he is liberally provided with money by his affluent father, and spends his annuity of 700 Thalers – a nice middle class income would then be around 300 Thalers – in a manner still unexplained. In spite of his love for Jenny von Westphalen he is an unhappy, "torn" person and writes in these terms to his father. Heinrich Marx ticks him off: "To be quite frank, I hate this modern expression – 'torn – used by weaklings if they are disgusted with life merely because they cannot get without effort beautifully furnished palaces, elegant carriages, and millions in the bank." And in another letter the old gentleman, knowing his son only too well, tells him that he suspects his heart not to have the same qualities as his mind. "If your heart is not pure and human, if it becomes alienated by an evil genius . . . my life's great hope will be dashed."

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Karl Marx was impatient. In this connection it is worthwhile to have a look at his doctoral dissertation on Epicurus, the materialistic Greek philosopher who, as the founder of Epicureanism, made sensual pleasures the main purpose of life. Here Marx quoted several lines from Aeschylus in which Prometheus rants against the gods and ridicules the idea of being an obedient son to Father Zeus. The figure of Prometheus was, indeed, as Kux and Künzli demonstrate one of the guiding stars in Marx's life. The revolt against God (and the gods), the rebellion against the entire existing order, all quite natural in youth, remained his *leitmotiv* until his death. Marx, as our authors insist, never really grew up. His entire relationship to other people continued to be juvenile, if not infantile.

Marx's basic vision was that of a humanity freed from all oppression, repression and controls and thus open to an egotistic "self-realization" — primarily of an artistic order. There was, as he believed, a Raphael, a Michelangelo, a Shakespeare, a Bach in every man. This great liberation, however, could only be achieved by the rule, the dictatorship of the poorest and most tyrannized people, the working class. These were the ones, he thought, who could be indoctrinated to destroy the existing order entirely — and then to build a new one. They were ordained "by history" to carry out his murderous dreams.

The trouble was that he had no knowledge of the mind and mentality of the workers nor any affection for them. He only knew "statistically" about their situation, their living conditions; and these were humble, inevitably so, because at the beginning of *any* industrialization (be it capitalistic or socialistic) the purchasing power of the masses is still low and the costs of saving and investing (i.e. the buying of expensive machinery) are bound to be very high. In the period of early capitalism the manufacturers, contrary to a widespread legend, lived rather puritanically and were by no means bent on luxury. But none of this endeared the workers to Marx in any way. He had only words of contempt for them, except as they might be mobilized against the "bourgeois" society which Marx so hated.

Glaring Inconsistencies

Despite his entirely "bourgeois" background this is the way his lifelong opposition against his family, above all against his parents, took shape. Interestingly enough, Marx's anti-middle-class complex was not accompanied by

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any marked loathing for the aristocracy to which his wife belonged. He probably preferred her father to his own. The young leader of the German Worker's Movement directed his wife to have her calling cards printed: "Jenny Marx, née baronne de Westphalen." He also sported a most feudal-looking monocle and was a real snob. His two closest friends belonged to the hated *grande bourgeoisie*: Friedrich Engels, the Presbyterian textile manufacturer; and August Philips, a Dutch banker, a Calvinist of Jewish origin who was his maternal cousin.

Apart from these two, Marx had no real friends. Budding friendships he destroyed almost automatically through his pettiness, his envy, his rancor and his urge to domineer. He was one of the greatest haters in modern history, and one of the reasons why he never really got ahead in his basic work was his endless hostile pamphleteering. If he felt slighted by anybody, if he saw in some writer a possible competitor, if an innocent author had written about a theme of interest to Marx but with conclusions differing from his, Marx immediately dropped every serious research object, sat down and wrote a vitriolic reply or an entire pamphlet. He had the most poisonous pen under the sun and used the most unfair personal arguments. Even as a scholar he never could refrain from going off on a tangent. He sometimes copied half a book which had nothing to do with his main subject; hence the mountains of undecipherable notes and casual remarks on small slips.

A Vindictive Nature

He was a brilliant talker who dominated conversations with his caustic remarks. A Prussian lieutenant named Techow, a convert to socialism, after visiting Marx said in a letter that he would be ready to sacrifice everything for him "if only his heart were remotely as good as his mind." Marx, needless to say, vilified almost everybody within his reach and despised especially the German refugees, the 48-ers, in whose company he had to live most of the time. (Significantly enough, he had hardly any contacts with genuine Englishmen who probably could not stand his manners and mannerisms.) Marx had nothing but contempt for women in general and never engaged in genuine conversations with his wife who was decidedly an intelligent and sensitive woman with a good educational background.

Part of Marx's worst ire was directed against the Jews. In this he was not in the least inhibited by his Jewish descent. His hatred

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for Jews had certain religious aspects but was primarily a racism of the most wicked sort.

No, Marx certainly was not a "good man". In his memoirs, Carl Schurz, the German democratic revolutionary, who later became a U. S. Senator, has given us his impressions of Marx: "The stocky, heavily built man with his broad forehead, his pitch black hair and full beard, attracted general attention . . . What Marx said was indeed substantial, logical and clear. But never did I meet a man of such offensive arrogance in his demeanor. No opinion deviating in principle from his own would be given the slightest consideration. Anybody who contradicted him was treated with barely veiled contempt. Every argument which he happened to dislike was answered either with biting mockery about such pitiful display of ignorance, or with defamatory suspicions as to the motives of the interpellant. I still well remember the sneering tone with which he spat out the word *bourgeoisie*. And as *bourgeois*, that is to say as an example of a profound intellectual and moral depravity, he denounced everybody who dared to contradict his views."

Arnold Ruge, a well-known German essayist, with whom Marx collaborated in Paris in a literary venture and who soon fell out with him, wrote to Fröbel (nephew of the famous educator of the same name) that "gnashing his teeth and with a grin Marx would slaughter all those who got in the way of this new Babeuf. He always thinks about this feast which he cannot celebrate." Heinrich Heine, who also quickly learned to dislike Karl Marx, called him a "godless self-god."

Unkempt and Undisciplined

Karl Marx was in no way an attractive man; he had no hidden charms. A Prussian detective, sent to London in order to find out what this intellectual wire-puller of Socialism was like, informed his government that Marx was leading "the true life of a gypsy. To wash, to comb his hair or to change his underwear are rare occurrences with him . . . if he can, he gets drunk . . . he might sleep during the day and stay up all night . . . he doesn't care whether people come or leave . . . if you enter his home you have to get used to the smoke of tobacco and the coal in the open fireplace with the result that it takes some time until you can see properly the objects in the rooms."

Gainful work was alien to him and when he landed a part-time job as the correspondent for the *New York Tribune* (under Charles A. Dana, an early American social-

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ist), it was his friend Engels who had to write most of the articles during the first year. Marx could have earned money by giving language lessons, but he refused this and continued to sponge on Engels, who really made Marx. (Once Marx, as a true socialist, tried to gamble at the London Stock Exchange, but failed.) Engels was his "angel" from every imaginable point of view.

A Most Unhappy Family

The sufferings of the Marx family, and especially of poor faithful Jenny, are difficult to describe. Though they did have a housekeeper and though Friedrich Engels spent in the course of the years *at least* 4000 Pounds on Karl Marx, they lived in abject misery. The death of one child, a boy, is directly attributable to poverty and neglect. Family life must have been absolutely terrible, but Marx could not be moved – neither by entreaties, nor by tears, nor by cries of despair. For two chapters of *Das Kapital* he needed fourteen years. No wonder that only the first volume was published during his lifetime and that it was Engels' headache to assemble and to rewrite the rest, so that – as one author suggested – we should speak of Engelsism rather than of Marxism. Yet it would be a mistake to think that Marx suffered silently and proudly. By no means! In his letters and in his conversations he never failed to complain and to lament. He had a colossal amount not only of self-hatred, but also of self-pity, but no human feelings for others, least of all for his wife whose health he had ruined completely.

Marx liked his daughters. These were – intellectually, linguistically, artistically – extremely gifted girls, but the spiritual background of the family had an adverse influence on them. Marx was a fanatical atheist, a disciple of Feuerbach who thus succinctly formulated his views: "*Der Mensch ist, was er isst* – Man is what he eats." And in an early poem Marx had declared: "And we are monkeys of an icy god." Jenny, too, had completely lost her childhood faith and her sufferings had made her practically despondent toward the end of her life. She was older than her husband and preceded him in death.

The oldest of his daughters, also named Jenny, the most beloved by the father, died of cancer at the age of thirty-nine. Karl Marx survived her only by two months. Laura, for reasons unknown, committed suicide together with her husband later in their lives. The French Socialist Party was stunned; at their grave one of the speakers was a Russian refugee,

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Vladimir Ilyitch Ulyanov, better known under his pen-name: Lenin. Years later, each time he looked up from his desk in the Kremlin study (now transferred to the Lenin Museum in Moscow) he saw on his desk not a crucifix, an ikon or a picture of his wife, but the statuette of a reddish ape with an evil grin. "We monkeys of an icy god!"

Eleanor, the third daughter, a quite hysterical child and later a passionate socialist and feminist, admitted that she "saw nothing worth living for." She also committed suicide. Still, in her farewell letter to her nephew Jean Longuet, she exhorted him, above all, to be worthy of his grandfather.

Who can explain the influence of this queer and sinister man on the world? Undoubtedly he was talented in many ways, but there is nothing truly valuable about his extremely negative, nay, even absurd message. However, history is not reasonable. Mankind is not either. Surely, all the prophecies of Marx in the economic and historical field have proved wrong. His philosophical insights are totally obsolete. They are not even worth refutation except, maybe, as an exercise for high school students or college undergraduates. They are, above all, proved to be wrong *empirically*. But what does it matter? Material victories or publicity triumphs are one thing, truth or goodness very different ones.

The Children of Darkness have always been more clever than the Children of Light. Socialism, moreover, has always been a "clear, but false idea." A free market economy, on the other hand, is far more complex and cannot be explained in a nutshell. In the political arena it competes poorly with the notion of collective ownership and central planning – until the latter's bankruptcy is proved in *practice*. The ideas of the hate-swollen bookworm in the library reading room can only be shown up in *life*. Here the method of trial and error, however, has its terrible pitfalls. To experience Marxism entails a captivity from which, as we know, escape is not so simple. The poor East Europeans realize all this only too well.

More than a hundred years ago the German classic poet and writer Jean Paul wrote that "In every century the Almighty sends us an evil genius in order to tempt us." In the case of Marx the temptation is still with us, but as far as the perceptive observer can see, in spite of the renewed interest in the "Red Prussian," it is now slowly, slowly subsiding.

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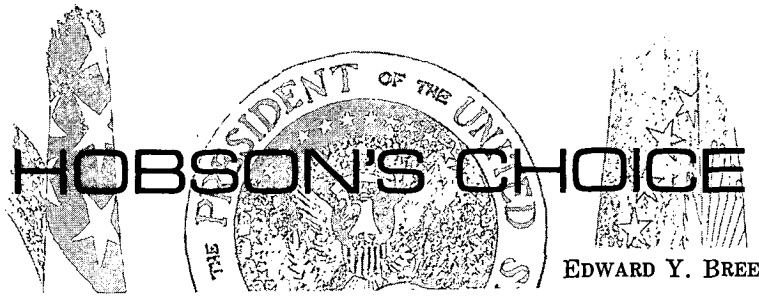

HOBSON'S CHOICE

EDWARD Y. BREESE

IN SPITE of all the hopes and the fears, the planning and the hard work, the promises and rationalizations – it really doesn't matter who they call the winner in November of a Presidential election year.

This isn't an attempt to be cynical about the reliability or the intent of party platforms or campaign promises. We're used to taking these with tongue in cheek. We don't really expect a winning candidate to do what he said he would do.

This time though, let's assume that A and B held radically different views and that both men honestly believe what they say and are determined and dedicated to make those views a part of our domestic and foreign policies.

Go even a step further and assume that each candidate has managed to convert to his views a considerable segment of the people who voted for him. He has, then, a following of true believers in the general public, including some politicians, some very capable men, and some zealots.

When the dust clears in November, our man A is on his way to the White House; and B, who held totally different views on practically all issues, is out.

Why, then, do I say that the voters have had Hobson's Choice?

A government – any government -- can be called a "body politic." Like the physical body, it has a head, brain, heart, circulatory system, arms and legs, internal organs and so on right down to cells and atoms. In our case the head can be the President, the blood which nourishes the body is the flow of tax money in and out, and so right down to a buck private in the army, a sweeper in the Treasury building, or a trusty in one of our Federal Prisons.

The trouble, when it comes to "reform" or even a simple change, is that the body politic resembles

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in fact the body physical in that the head does not really control very much in either case. Decide that you would like to be two inches taller, for instance, or have brown eyes instead of blue, and you'll see what I mean.

Uncontrolled Bureaucracy

The body politic is like that. Call the President and his personal appointees at top level the head – and its effective span of control extends barely as far as the chin. Down at the extremities – hands and feet – the bureaucracy goes on behaving exactly as it always has done no matter who sits in the White House.

The head of the independent executive agency gets his top level directive and files it neatly. He may even pay it a fair measure of lip service. Out in the field offices throughout the fifty states the staff pays little or no attention. Each office goes on building itself up (in the face, let's say, of a directive to economize) because that's what it considers to be its purpose.

In practice, a Presidential Directive is like a brick dropped into a barrel of molasses. By the time it gets toward the bottom, it moves slowly and disturbs very little.

So, there isn't really anything significant to either cheer or deplore after the votes are counted.

Does that mean there's no hope at all of changing things and really getting at some of the major problems we face today? Of course not. It just means we have to change our notions about how to go about it. Instead of thinking we can elect a "Leader" who can or will do the job for us, we have to start tackling the problems on an individual basis, at the level where each of us has an effective span of control.

Instead of looking to government for a capsule solution to inflation, each man and woman can start a personal program of living within his means and without a subsidy at taxpayer expense.

Instead of deploring corruption in high places, I can start practicing personal honesty and integrity in my own life.

On the surface, of course, the people in high places today find themselves immune to any effective control by us. They control courts and legislatures and make the laws to suit themselves. It looks like a sure thing – but it isn't. When enough people put a high priority value on integrity, the whole system of "robbing Peter to pay Paul" breaks down.

Not even the "body politic" itself is immortal or invulnerable, despite surface appearances. Like the body physical it is subject to

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and under the control of natural laws. Like certain of the seemingly invincible dinosaurs, it can grow too big to function. Like a victim of malaria, it can be brought down by mosquito bites. There are those who claim that the Roman empire fell because the humble mosquito destroyed its system of agriculture through weakening and killing off the slave gangs on the latifundia.

Let's look at that again. The empire of the Caesars and the legions brought down by a mosquito? Yes – because the mosquito changed the *economy* of the empire adversely, and the State was actually an economic rather than a political creation. The "body politic" should have been called a "body economic" all along.

Tolstoy said much the same thing in different words in his *War and Peace* when he told us that the great political figures of history have not led – but only ridden the crests of waves which they did not and could not control.

This is and has to be just as true in our day as in those of Hadrian or Napoleon.

The government – that is, the formal, legal government and the bureaucracy – will essentially be controlled not by itself but by the economic system of which it is a part.

The operations of a free economy will set viable prices for goods and services, if it is allowed to operate. In all the history of control or socialism of any sort, a workable substitute for market pricing has never been found, for even a short period.

The system of control of the economy by a government or authority has a built-in self-destruct. The larger the social (or political) unit and the more involved and advanced the technology, the more quickly and surely will the self-destruct begin to operate.

On the other hand, the control of the government is determined inevitably by the nature of the economy in which it operates. A study of the records of social history will show that this has been so from the earliest times – and there is no reason to think the rule has been suspended.

Just as a free economy sets up an economic competition leading to the advancement of the fittest individuals, firms, technologies, and market entrepreneurs and creates a maximum opportunity for the individual – so also it has always created a political climate in which only the simplest and most efficient systems of government can survive.

So, the comparative absence of political controls among the settlers of America and the limitless opportunity provided by a wide

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open continent bred first a Mayflower Compact and then societies of economically free and politically independent men who inevitably wrote the American Constitution.

A Vote for Freedom

In our own days, then, there is still a way that you and I can cast a meaningful vote in the shaping of our own lives and the governments – local, state and national – within which we live. It is a very important vote – a very real vote – and if cast by enough of us in our own lives and businesses or professions it will accomplish everything we desire.

This is to opt for a free rather than a regulated economy, and to embody these principles in our thoughts, our actions, and in the examples we set to those about us.

Here is a mandate of the people which no bureaucracy can long ignore or effectively sabotage.

Control does not come from the top – which is why the election of even the best of political leaders (or, fortunately, of even the worst of the lot) can really change very little.

I'm not saying here that we should not vote or take an active part as individuals in the functioning of that body politic of which we find ourselves a part. Of course, that is important. We must realize, however, that the final determinant will be economic rather than political.

In the economic field each one of us has a "span of control" in the way in which he makes and spends his income. In even the most controlled economy, the individual – as a consumer – has some choice and some effective control. Add together all those individual control spans and the result must be an irresistible economic – and political – force.

In the balloting booth we may indeed have been offered only Hobson's Choice. As I've pointed out, this can be so even when the men we elect honestly agree with our ideas and try to put them into action.

In the market place, however, you and I – everyone of us – has an entirely different sort of vote, not to be cast just once every four years. This is a vote that has to be cast every day, sometimes many times a day. It's effect may be slow and cumulative rather than dramatic and sudden – but it is nonetheless sure.

When enough of us live and believe and think and act as free men, we will have the sort of government which free men can and will produce. A tyrannous government cannot survive the association of free men in a free economy.

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ROGER DONWAY

The Limits of *Credulity*

TWENTY YEARS AGO, most people would probably have identified the following quotations as descriptions of the Soviet Union: "a vast power that requires total world integration not on the basis of equality but of domination" "pursuing a policy that had now become a denial of the spirit of man" "taking its place as one of the great and hated oppressor nations." But of course these are not descriptions of the Soviet Union; they are supposed to be descriptions of the United States. Nor are they taken from Albanian tabloids; they are from popular college texts, written by scholars, published by reputable houses.

These are the revisionist historians, and they have succeeded where their students failed: they have brought home the war, both Vietnam and its Cold War context. Our enemies (before we declared them friends) used to say that America was compelled by economic necessity to move abroad as an imperial power, dominating, subjugating, repressing. Today, that is the going word at American colleges.

> . . . during the postwar era the government and key sectors of private capital adopted a common, complementary strategy that led to state aid to American capitalism not only to maintain and extend its prosperity into the postwar era, but not the least also to preserve the larger global political-economic structure within which long-term capitalist interests and power might function.

So say the revisionists Joyce and Gabriel Kolko, who obviously revise history more easily than they revise their sentences.

Collectors of Bright New Ideas will recognize the imprint of the

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Antique Left everywhere on these fresh-thinking historians: the Kolkos' indictment is a particularization of an argument pushed sixty years ago by the Marxists; in *The Roots of War,* Richard J. Barnet rehearses the Lenin-Kautsky debate to determine the degree of necessity in capitalist imperialism; William Appleman Williams, sometimes called the dean of this historical school, asserts that America's foreign policy has proved Marx correct; David Horowitz, an editor of *Ramparts,* published excerpts of his book *Corporations and the Cold War* with Paul Sweezy, among the oldest of the old, old guard, a self-proclaimed Marxist, and the Sweezy of *Sweezy v. New Hampshire* fame; Sweezy's magazine, *Monthly Review,* also ran a ten page puff of Gabriel Kolko's *Roots of American Foreign Policy* and *Politics of War; We Can Be Friends,* often cited as the beginning of cold-war revisionism, was written by Carl Marzani, convicted in 1947 for denying prewar affiliations with the Communist Party; Rexford Tugwell is included in the ranks for his book *A Chronicle of Jeopardy;* and so on. When Norman Mailer asked Dotson Rader where the New Leftists would end, Rader said in despair "We are going to end like Gus Hall." In originality, at least, they already *are* Gus Hall, and so are their academic compradors.

Not that there is anything wrong with old ideas. They just are not new ideas. It would be more honest if the Left admitted, what seems to be true, that it perseveres like the Church, saying what it has always said. There is, after all, a kind of nobility in standing by traditional notions, just as there is a kind of boldness in advancing outrageous hypotheses. But for the Left to trot out seedy cliches as the latest in daring suggestions is simply hypocritical. Whatever else, the staunchest defender of the Apostle's Creed never called himself innovative for reciting it.

Revisionism Like Inflation — Always More

This wave-of-the-future image probably reached its limit with Walter LaFeber's flight into apocalyptic literature. In "The Impact of Revisionism," LaFeber went beyond past and present to shew unto his servants things which must shortly come to pass.

> And finally this historiography will move into and beyond revisionism as present middle-of-the-roaders accept revisionism in many of its parts, thus allowing the present revisionists . . . to become more revisionist in their view of history.

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Unfortunately, LaFeber may be correct. In *The New York Times Magazine* (April 29, 1973), Gaddis Smith portrayed an early revisionist, D. F. Fleming, as having set forth the new moderate position, "a vast improvement over the closed-minded chauvinism of the orthodox position." To be sure, Smith contrasts Fleming's view with the more recent, excessive left-revisionism of Kolko, but that was to be expected on LaFeber's analysis: the liberals will always come a discreet three steps behind (twelve years, in this case), but they will come: they must be "with it," even when it means revolution; they must "swing," even when it means the gibbet.

To take another case: in a 1966 letter to the *New York Review of Books*, Arthur Schlesinger, Jr., said "Surely the time has come to blow the whistle before the current outburst of revisionism regarding the origins of the Cold War goes much further." But only a year later, he put together the following sentence: "For revisionism is an essential part of the process by which history, through the posing of new problems, and the investigation of new possibilities, enlarges its perspectives and enriches its insights." Such liberal reappraisals are a telling victory for revisionism, which in point of fact breaks about as much fresh ground as the Council of Trent. (Revisionist doctrines on imperialism go back, through the Marxists, to J. A. Hobson's *Imperialism, A Study*, published in 1902. Or they may be said to go back a bit further: in a burst of historical appropriateness, Hobson got many of his economic ideas from an acquaintance named Mummery.)

A Generation Gap

With liberal backing, the dogma of capitalist imperialism, though it is not getting any younger, *is* getting some of the young; not entirely to the pleasure of older, or more orthodox, advocates. After decades of shelving their underconsumed ideas, these uncompromising ideological retailers had perhaps begun to think of themselves more as curators; they look askance at their brash parvenu customers, so lacking in an appreciation of well-made theories.

Writing in *Social Policy*, Harry Magdoff grumbled that ". . . some popularizers on the Left formulate the issue purely in terms of 'economic necessity' — as if every political and military action were in response to an immediate economic need, or a telephone call from a corporation executive." Mr. Magdoff is criticizing the heresy of replacing class analysis with elitist analysis, an old bane.

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The young, generally less rigorous, seem drawn to elitist theories, whether revisionist, liberal, or ultramontane. Perhaps it is because elitist analyses can serve as a surrogate for soap operas and fan magazines; they carry the same catharsis of shock and indignation, the same formula of who-was-seen-doing-what-with-whom. C. Wright Mills made a discreet attempt at slaking this desire with *The Power Elite* (and was chided for it by Paul Sweezy.) But it is the new reporter-historians who bode to make a true genre of elitism. Academic analyses of presidential politics were left in the library dust by Theodore White's *The Making of the President.* David Halberstam's *The Best and the Brightest* showed a similar flare for the insider's anecdote that tells while it sells. And in the Spring, 1973, issue of *Foreign Policy,* Godfrey Hodgson published an article called "The Establishment," which threatens to reduce even the tone of the enterprise to the level of the gossip column, with lines like "When I talked to him recently in the Ford Foundation's strangely Piranesian headquarters on 42nd Street . . ."

People and Plots

Proper revisionists, of course, are supposed to shun such superficial historiography. Writers who stress personal associations give the impression that the world is run to suit the whims of a small group of men, whether the favored group is the Council on Foreign Relations, the defense complex, or the prestigious New York law firms. And the more personally entwined they picture their ruling clique, the more its own eccentric assumptions appear to replace objective forces as the basis for action. That is why Sweezy characterizes elitist theories as "historical voluntarism." By the time one reaches David Halberstam's Great Groton Conspiracy, talk of necessity in America's foreign policy is completely implausible; it's all the fault of that damned school motto.

Revisionists reject such tight-little-world views. ". . . the impressions of old school days wear off," says Kolko, "and the responsibilities of men are measured in the present rather than the past." After all, the antideterminism of elitist analyses might tempt one to the clearly counter-revolutionary notion that "all" we need is a group of leaders with different ideas.

It is this illusion of the "accidental" quality of the role of the United States in Vietnam and elsewhere that has led over the past years to a kind of specious liberalism which believes one simply re-

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places individuals in office with other men, such as a Kennedy or McCarthy . . .

A leftist who was that soft on determinism might find himself denounced as a meliorist like Karl Kautsky, or even as a hired coolie of the pen.

Ideological Coordination

The "proper" theory of historical causality is less direct, almost Malebranchian. Washington, we are told, does not take orders from Wall Street, and certainly Wall Street does not take orders from Washington. "There is no conflict of interest because the welfare of government and business is, in the largest sense, identical." The harmony of business and politics results from ideological coordination, not personal subordination. Association is the product, not the cause, of their harmony. The head of the octopus is not a capitalist, but capitalism itself; businessmen and politicians are, to steal a phrase from Ogden Nash, simply the arms that do the legwork.

But despite this sensitivity to elitist voluntarism, the revisionists insist on calling themselves a school of antideterminists. In his introduction to *The Origins of the Cold War,* Thomas Paterson says "Most revisionists deny that the Cold War was inevitable, and stress alternatives." This is paradoxical, but easily proved. The Cold War resulted largely from the class-serving desires of American leaders; had they sought other ends, things would have been otherwise; for instance, had they sought an accommodation with Russia, they could have had an accommodation with Russia. What we are not reminded of, in this context, is the revisionists' belief that, given its social structure, America could not have had leaders who would have willed another course. The leaders' desires were given by the nature of the economy.

The theory, then, is rather analogous to Jonathan Edwards's theory of determinism. Edwards's dictum was that we can do what we will, but we cannot will what we will; only grace can change the nature of our desires. Similarly, revisionists seem to hold that America's postwar leaders could have done whatever they wanted, but they could not want whatever they wanted, at least as a class. The counterpart of Edwards's dictum may be Lenin's cryptic remark that a capitalist country could be non-imperialist only if it were not capitalist. A nation's objectives can be changed only by the converting grace of revolution or radical alteration, "by depriving [the existing system] of

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access to power and levers for controlling society," in Kolko's words.

With that as the professorial note, it is not surprising that the cry from the ranks is "Ecrasez l'infâme," now enunciated with that cocksure whine that is the laryngeal affliction of the New Left. But they have jumped to their conclusion. All we have been told so far is that the leaders of the social system are those who agree with its principles, which is surely one of sociology's minor surprises. That these leaders should attempt to preserve the system is also less than startling. The connection that must be made is: how did the goal of preserving a capitalist society lead to imperialism? Few listeners, it seems, stay to question or even notice the arguments offered on this central point. In better days, they would have been beneath notice.

The Economics of Trade

As it turns out, this whole grotesquerie of America's need for expansion hangs on two slender lines of argument, dealing with the economics of importing and exporting. Of these, the argument from imports is probably the less persuasive today. We are in no mood to hear about the sins of the buyer. We can admit that a total embargo on raw materials would plunge the quality of American life – what *would* one do without one's morning coffee – but after all we do pay for the stuff (twenty cents a cup; no refills), and if the bean does not get its cut, well, that is the bean's lookout.

The argument from exports better symbolizes the revisionists' "cosmic inversion," (to use Hilaire Belloc's phrase), for here they take what appears to be charity and convert it into imperialism. The argument begins by observing that (1) *America was booming at the end of the war.* In 1945, our industrial plant was 65 per cent larger than it had been in 1939, and our gross national product was 100 per cent larger, in constant dollars. Revisionists conclude that the productive capacity of the United States had grown unproductively large, and consequently, in the postwar years, that institutionalized form of misery which is capitalism would pour forth more than it knew what to do with.

Then (2) *exports had been and would be essential to maintaining this boom.* After all, a fair amount of this growth had come in response to economic demand from foreign governments involved in the war; the home market might not be able to purchase all the goods that they had bought. There were, yes, the extra savings that

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Americans had accumulated during the war when there was little better to do with money, but this would not long take up the slack. The only solution was to sell abroad. (Often cited as the post-war goal was the 1944 figure of 14 billion dollars in exports, more than four times the 1939 figure. Less often cited is the 11 billion dollar chunk of that 14 billion which was shipped under Lend-Lease. Since most Lend-Lease was never repaid, this casts some doubt on the truly foreign origins of the wartime demand.)

Prime revisionist text on exports comes from Will Clayton, Assistant Secretary of State for Economic Affairs, and, we are reminded with arched eyebrows, a millionaire. He declared, at a Foreign Trade Convention, no less: "We need markets – big markets – around the world in which to buy and sell." A somewhat Chamber-of-Commerce remark, one might think, especially under the circumstances, but with elocutionary training, it *can* be given an air of rapacity. The more common-sense interpretation was given to it by Clayton's Deputy, Professor Edward S. Mason of Harvard, when I talked to him recently at his strangely unpiranesian office in Cambridge: "Certainly, the U.S. wanted to re-establish trading relationships. But I never heard that we needed desperately to have the European market for our exports."

International Pump-Priming

If one did assume the necessity for exports, though, one faced the fact that (3) *foreign countries by themselves could not afford to buy American goods.* Until their economies were rebuilt, they would have little to offer us in trade. The answer conceived was (4) *the United States had to loan these governments money.* Thus in the first stage, they would buy American capital goods and agricultural commodities; and once restored they would produce goods to trade for ours, and so maintain our exports on the long run.

As the heart of an argument designed to show the imperialist tendencies of capitalism, steps (3) and (4) have rather missed their calling. Quite simply, the loans constituted an international pump-priming scheme; they were a bit of inflation designed to link up America's surplus capital goods with Europe's idle labor. Apart from any dispute over the usefulness of pump-priming, we can at least agree that it is not capitalist. Indeed, the attempt is made to pin opposition to pump-priming on capitalists as a badge of their simple-mindedness. In a *Playboy* interview (June, 1968), Professor

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Galbraith said that Henry Hazlitt, a leading capitalist economist, had overlooked "the very elementary point" that pump-priming is carried out in a situation of idle capital and idle labor. For the record, Mr. Hazlitt considers pump-priming under exactly these conditions in his book *The Failure of the "New Economics."* He finds it unnecessary, uncertain, dangerous, and unjust.

But capitalist or no, this scenario for international pump-priming contained a further condition: the United States had to be assured that once it gave foreigners the ability to buy our goods, their governments would give them permission to buy our goods. Cost was no object in developing trade, so long as trade did develop, but we were not about to cast our seed money on the ground. In other words, (5) *the scheme would work only if debtor governments moved toward a laissez-faire, or at least pro-American, stance;* and to this end our diplomacy was directed.

Thus far the argument can be put together from statements made by members of the Truman Administration. (Though the importance of the plan has been disputed by Alfred E. Eckes, Jr., in *The Journal of American History,* March, 1973.) For the rest, revisionists merely point out that since we urgently needed countries to move to the right, (6) *America had to oppose the assumption of power by leftist elements;* in *Containment and Change,* Carl Oglesby says we needed "access and no revolution in order to have high production." This meant encouraging rightist governments to suppress leftist movements, and thus were we forced by the capitalist system to play a repressive role, directly or through surrogates. Finally, in order to make this politically palatable, we had to push the fiction that the left was not popular and democratic, but Russian-inspired and totalitarian. This posture naturally exacerbated relations with the Soviet Union and the European Left generally.

Like the old Marxist argument, the essential reasoning of the six points can be analyzed in a basic two-step: does the capitalist system produce general surpluses; and what does the capitalist system do when confronted with a surplus?

On the first point, revisionists seem little inclined to argue; they prefer to quote testimony or make assertions. For instance, W. A. Williams cites Dean Acheson's remark: "You don't have a problem of production. . . . The important thing is markets. We have got to see that what the country pro-

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duces is used and sold." Even less willing to offer evidence, Carl Oglesby says "Our economic system functions in a state of disequilibrium. The better it works, the greater the surplus."

Capitalist Over-Production

To find a genuine argument connecting capitalism and excess production, one must turn to the hard, ingenuous Left, which argues as follows: Since a capitalist's status depends on the amount of capital under his control, he engages in production without reference to the possibility of finding a market. Paul Sweezy says:

> Here, then, we can see the elements of what Marx in one place calls "the fundamental contradiction" of capitalism: production entirely lacks an objective unless it is directed towards a definite goal in consumption, but capitalism attempts to expand production without any reference to the consumption which alone can give it meaning.

Obviously, this is not an argument one would want to trot out unless absolutely required to do so; in fact, it is simply an assertion of mania, not worth discussing.

It appears, therefore, that the postwar situation is a special gift to the revisionists. The large expansion in investment was not the product of irrationality in the business community; it was the product of our effort to win the war. It could hardly be called malinvestment, but the plant developed (revisionists say) would produce more than available markets could consume. It looks as if the revisionists can get their first premise, of an investment beyond demand, without resorting to foolish psychological theories about the business mentality.

As often happens, though, the evidence adduced by the revisionists (more testimony) proves exactly the opposite of the conclusion they want. When Vinson, Clayton, Wallace, and so on, went before committees to support the so-called British loan, they did indeed tell Congressmen that they were looking at the loan's effect on the economy, were much interested in it, never let it out of sight. But the effect they were looking at was not the alleviation of surplus; it was the exacerbation of scarcity. When they actually confronted the swollen wartime plant, the problem was that it was not big enough for peacetime demand.

A few, but very few, fields were mentioned at that time as having surplus, and even these references seem blatantly political. When Secretary Vinson mentioned cotton as being among the goods Britain would want, Senator Bankhead of

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Alabama asked narrowly if he meant cotton *goods* or raw cotton. Another question as to what Britain would buy drew the answer "You could be sure of some tobacco," which sounds much like "You could be sure of some pork-barrel." When used honestly the argument from over-production was based on expectations about the economy, which puts us right back to the argument about the biases of capitalism.

Since revisionists have little heart for arguing that point, there remains only the second question: what, under capitalism, would one do with a surplus? The revisionists' answer, that the government would force it down the throats of unwilling consumers, is simply not economics; it is pandering: I dreamed of oppression in my black pajamas. I presume that the capitalist answer is well known: if a businessman produces more of a good than he can sell (say an Edsel), the capitalist response is to point out that he has produced more of the good than he can sell. He can try to increase his sales by advertising to high Heaven; he can try to sell abroad; he can take a loss and cut production; all that is capitalist. One thing he cannot do is involve the government in restructuring his market. That is just typical liberal interventionism. Revisionists may reply that it happens in America, which is true, but if it happened in William Graham Sumner's home town the point would be irrelevant. Others, such as Richard J. Barnet, may try to call it "state capitalism," but the phrase conveys little, since it is a contradiction in terms.

This is the pattern: on the rare occasions that revisionists do descry an evil, they are not looking at capitalism; they are staring straight at the denaturing elements of our mixed economy. The evil is blamed on capitalism (it's a capitalist system isn't it); the solution is more intervention, leading to more evils. And the momentum develops. Which is perhaps the element of truth in LaFeber's analysis: if a liberal will not rethink, he must revise, more and more. If he does rethink, he must rethink his leitmotif "We cannot go back;" he may even have to discover the historical irony, that when we went past capitalism we were going in reverse.

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No man is wise enough, nor good enough, to be trusted with unlimited powers.

— *Caleb C. Colton*

IF I WERE KING

LEONARD E. READ

TO IMAGINE I were king is pure fiction, merely suggestive, for my first act would be to abdicate. Kingship is not my cup of tea.

Perhaps a better caricature of omnipotence would be a genie — as the actress in the TV show, "I Dream of Jeannie." She simply folds her arms, makes a wish, and blinks her eyes. Presto! The wish instantly becomes the reality.

The question I am pondering is this: If I possessed such power, would I use it to rid the world of all I believe to be evil? For instance, what of these few specifics among the thousand and one forms of human behavior I deplore:

1 — War, murder, thievery, slavery?
2. — Dictatorial know-it-all-ness?
3 — Medicare, "social security," and similar welfare programs?
4 — Control of prices by government and of wages by labor unions?
5 — Government in such business as mail delivery and education?

I have listed these samplings in the reverse order of their popularity or public acceptance. Nearly everyone deplores war, murder, thievery, human slavery. There is a common desire to be rid of these evils. But note how the popular attitude changes as we move down the list: common acceptance instead of rejection by the time we have reached "social security."

The point is this: I would be applauded were I to use my magic

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power to do away with murder, but roundly condemned were I to eliminate government "education," though the latter seems unprincipled and impractical to me.

The Principle of Universality

On what forms of behavior, then, would I fold my arms, make a wish, and blink my eyes? *Not one, not even murder!*

I aspire exclusively to those forms of power which I readily concede to all other human beings. What may they be? The power to exercise and improve my own faculties, to grow intellectually, morally, spiritually. What power will I not willingly concede to any other person and – by the same token – refuse to use myself? The power to interfere with or to control in any respect the *creative activities* of anyone, whoever or wherever he may be. The lack of such power simply leaves me in my place, makes a noninterfering citizen of me, forces me to attend to my own business.

Suppose I could eliminate murder and all else which seems evil to me through a simple wish. In that case, according to my principle of universality, I would have to concede that identical power of legerdemain to everyone else. What would be the result?

Everyone would direct his magic against his pet dislikes. So certain are millions of people about their panaceas for a perfect world, and so varying are their nostrums, that every societal institution would be erased from the face of the earth! Not only would murder, wars, thievery, slavery be at an end, but so would everything else – mail delivery, private or public; education, private or public; business, private or public; churches, catholic or protestant. Certainly, man and all his institutions would disappear – perhaps the entire planet!

Coercion Rampant

Return to mankind as he now exists and to the world as it is – with no genies among us. But if that power were possessed, would it be used? Yes, and by millions of people. How can one be so certain of this? By observing what these millions do in the absence of this magic power: they resort to coercion to get their way! Unable to reform others by a blink of the eyes, they try to implant their "wisdom" by physical force – "Do as we say, or else!" They seize the police power of government and use it to serve their devious and contradictory ends – frustrated genies with guns!

If these coercionists could work their will upon others by blinking their eyes, would they do so? Of course, and with the aforemen-

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tioned disastrous results. To the extent that they get their way by coercion, to that same extent is disaster inflicted upon mankind, as we can readily observe all about us.

The Power of Good Example

Those who condemn the use of coercion must be cautious lest they condemn themselves in the process, so general is the domineering trait. One meets these persons on every hand and in all walks of life. Ever so many would rule our lives if they could; all they lack is the political power. I have learned not to argue with these self-designated miracle workers; I just don't drink tea with them.

As to those who have gained power and do in fact control our lives, what can one do in opposition beyond setting a better example? You and I can try to understand and explain why we would not wave either the magic wand or the policeman's club. We can demonstrate why it is both immoral and impractical to even hope for a free lunch or to wish that others might be carbon copies of ourselves. For anyone to hold such power over others, as I see it, is an absolute contradiction of the Cosmic Plan.

If we want "two chickens in every pot," we must learn to raise more and better chickens with less effort. Similarly, with all the goods, services, and ideas we desire. Learn to overcome by excelling, this being the sole means to individual growth. If another's way of life is superior to mine, let him demonstrate it to the point where I can grasp the truth he perceives. Let him explain in terms I can understand. By so doing, he grows – and perhaps I will. But to coercively impose his way upon me is to stunt both his growth and mine. This attempt at lording it over others is characteristic of little folks foolishly trying to play God. I share this conclusion from the *Journal Intimé* of Amiel:

> I have never been able to see any necessity for imposing myself upon others.

And so, if I were king, I would renounce the throne. This would free me from the baleful superstition that mine is a "Divine Right" to rule and, at the same time, leave others free to live their own lives.

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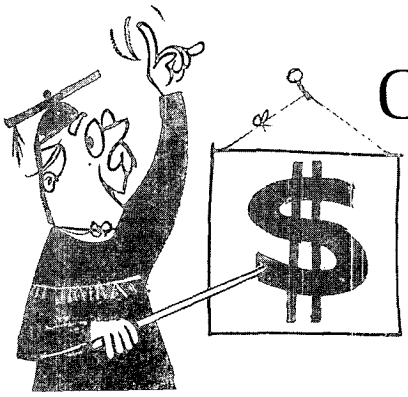

COMPETITION:

Classroom Theory vs. Business Reality

MARK PETERSON

PUNITIVE ANTITRUST. Overregulation of business. The "break-up-GM" and "break-up-IBM" syndrome. Deep-rooted suspicion of business. All this and more are in a large way traceable to Eco. 101, the undergraduate course in microeconomics, including basic competition and price theory.

I submit that a key reason why competition is so widely misunderstood is because of the way it is generally taught in colleges and universities.

In my judgment, the essential source of the confusion between theory and reality is a static view of a dynamic world: the model of "perfect competition" and its related model of "pure competition." Perhaps nothing in our social realm is perfect or pure, of course, but most academic economists still use perfect competition as a static yardstick with which to measure dynamic competition in the real world.

For example, Nobel Prize winner Paul A. Samuelson in the eighth edition of his bestselling textbook, *Economics*, states: "The competitive model [of perfect competition] is extremely important in providing a bench mark for appraising the efficiency of an economic system."

He adds: "Once the rules of perfect competition are left behind, there is no Invisible Hand principle which sets up a presumption that the working out of laissez faire is likely to be in the direction of satisfying wants most efficiently."

The standard treatment of perfect competition by Professor Samuelson and other textbook writers usually sets up four requirements:

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1. Perfect knowledge of market conditions and instantaneous resource mobility (a requirement usually dropped as obviously unattainable and thereby resulting in "pure competition" – and it is pure competition to which Samuelson refers when he treats "perfect competition")

2. A large number of sellers in an industry (so large that none supposedly has any influence on price)

3. A standardized or "nondifferentiated" product throughout an industry (thus, no brand names nor advertising)

4. Free entry (meaning relatively costless admission of a new operating company into an established industry)

Having thus defined perfect competition, Eco. 101 textbooks generally describe the other models of lesser competition in terms of their failure to meet these four requirements. Thus "monopolistic competition" is basically pure competition without the standardization requirement met. Also, "oligopoly" (from the Greek, meaning "few sellers") is basically pure competition without the many sellers requirement met.

Naturally, the polar opposite of perfect competition is monopoly in Eco. 101 textbooks. Monopoly is said to consist of one seller selling a unique product (the product has to be unique because there is only one seller). And it also is said to be "protected" by high costs of entry, of which more later.

The Number-of-Sellers Requirement

So much for the textbook treatment of perfect competition and its corollaries. Sadly, the treatment is not just an ivory tower matter.

Consider, for example, the number of sellers requirement as it is applied outside the classroom. This requirement is largely the focus of modern antitrust policy. Indeed, Chief Justice Earl Warren stated in the landmark Brown Shoe decision (1962):

"It is competition, not competitors, which the [Clayton] Act protects. But we cannot fail to recognize Congress' desire to promote competition through the protection of viable, small, locally-owned businesses. Congress appreciated that occasional higher costs and prices might result from the maintenance of fragmented industries and markets. It resolved these competing considerations in favor of decentralization."

Thus, modern antitrust policy, borrowing from classroom theory, prefers to maintain a relatively large number of sellers even at the expense of efficiency.

This conflict between numbers and efficiency points up the essen-

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tial weakness of the number of sellers requirement under pure competition: Little is said about the determinants of the number of sellers. But consumer sovereignty, management ability, and economies of scale are important factors affecting the number of sellers. The presence of few sellers may well be a sign of significant efficiency benefits for the consumer from mass production, mass distribution, and mass research.

For example, the auto industry, called an "oligopoly" in virtually all textbooks, is actually quite competitive, despite the presence of a few domestic producers – GM, Ford, Chrysler, and AMC. In the early years of the twentieth century, there were literally hundreds of small sellers. But the consumer – through Henry Ford – drove out many sellers, as Ford steadily reduced his costs through mass production techniques and dramatically lowered his price. Surely this was competition, and the most basic kind – price competition.

Alas, however, Henry Ford would today probably be considered an imperfect competitor by most students taking Eco. 101. Now he would also be faced by a gamut of antitrust suits, both public and private (from competitors), much as is IBM today.

Apart from efficiency considerations, other factors, which are omitted by the numbers requirement, enter into actual competition – i.e., dynamic competition. For example, there are also uncountable *potential* sellers not quite able to enter an industry – entrepreneurs, usually in related industries, who are waiting for a rise in demand, a technological breakthrough, or some ineptitude on the part of the existing suppliers, before joining the established sellers. Rohr, an aerospace producer supplying San Francisco's BART rapid transit system, is a case in point of a potential seller converting into an actual.

Competition is Market-Wide, Not Confined to a Given Industry

Another example of an omission in perfect competition theory is competition among individual industries. Interindustry competition exists because for any product there is usually a range of substitutes. To his credit, Samuelson explains that pure competition theory excludes competition between industries such as steel and aluminum.

Perhaps this omission by perfect competition theoreticians can be explained as the confusion of an industry for a market. The point of view of an "industry" is generally that of the seller; the

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point of view of a "market" is generally that of the buyer.

But the consumer, not the producer, is sovereign. In the market place, it is the consumer's view that prevails. The buyer's market perspective includes a full range of choices available to him in all competing industries (and even in noncompeting industries in the sense that all industries compete for the consumer's dollar). Witness, for example, the demise of the once blue-chip streetcar industry, which fell prey to the motor car, i.e., to the sovereignty of the consumer.

Or consider a personal example. Not long ago I had to get from Newark, New Jersey to Washington, D.C. I considered three options: driving a rented car, taking the air shuttle, or riding the Metroliner. To me, the sovereign consumer, the three were very much in competition—interindusty competition. This is but another example of how in the eye of the consumer a market inevitably transcends an industry or even several industries.

The Forgotten Consumer

But under the doctrine of perfect competition inherent in modern applied antitrust policy, the consumer plays second fiddle to the Justice Department. The consumer, for example, built up IBM, democratically; now the Justice Department seeks to tear it down, arbitrarily.

Thus, the number of sellers requirement in perfect competition variously conflicts with actual dynamic competition. The other requirements do, too. Product differentiation, for instance, is considered wasteful by many economists. They deplore the cornucopia of choices available to the consumer, although they might inconsistently deplore the lack of choice in, say, some development housing.

Here, again, theory is at odds with reality. A producer who strives for product innovation — for quality competition, as opposed to price competition — is branded as an imperfect competitor. But are not attempts to improve products salutary? Many economists may not like quality competition, but consumers do. Take King Gillette and his revolutionary safety razor of a half century ago, for instance. Here, technology and quality competition seemingly launched a "monopoly." But did it?

Further, is it feasible for an economist of the imperfect competition school to enter the market place himself, so to speak, and declare with all the weight of his academic credentials that this product or that is or is not wasteful? Is it really in this economist's

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domain to pass a scholarly opinion on whether, say, the deodorant soaps of today, or even the tailfins of the 1950's, constitute "waste?" The individual consumer can better decide such questions, for only the consumer knows exactly what he or she wants. (And this proposition holds true for the sovereign corporate consumer as well – e.g., General Motors is a consumer of U.S. Steel and vice versa.)

The requirement of free entry also does not correspond with competition in the real world. Any entry involves cost, of course, as does all economic activity. But to posit a model of perfect competition in which the costs of entry are very low, runs against common sense.

According to this low-cost argument, economies of scale create a protectionist "barrier to entry" because of the heavy investment involved. Thus, mass production is doubly evil in the eyes of perfect competition: it reduces the number of sellers, and creates barriers to entry. But the contribution of economies of scale to lower prices tends to be played down, along with the fact that many firms with economies of scale can be overtaken (such as Ford by General Motors in the 1920's and Sperry Rand by IBM in the 1950's).

Another example of a barrier to entry cited by quite a few economists is advertising. These economists pick on advertising – apart from its "wastefulness" – because new entrants must pay more in advertising costs than established sellers. True, but they must do so in order to win the consumer's acceptance. For new entrants, advertising is frequently a vital means of gaining acceptance. Restrictions on advertising, which are recommended by some economists, would hurt new entrants and potential competitors.

Thus, all the requirements of perfect competition have severe shortcomings. In a word, all these requirements and their regulatory and other repercussions reflect a concept of competition that is essentially static.

But actual competition is dynamic, not static. The dynamics include the reduction of costs by mass production techniques and new technology, the competition from substitute products, the competition from potential sellers, and the incentive of sellers to improve their products – all under the most dynamic factor of all, the watchful eye and hard decision of the consumer, individual and corporate.

In sum, the conflict between classroom theory and business reality in our understanding of competition is anything but academic.

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A Weary Distance

R. W. DEMERS

THE MAN with the hoe slowly straightened his arched back. Taking the straw hat from his head, he wiped away the beads of sweat from his forehead with the back of his dusty hand. Slowly he moved out of the heat of the sun into the shade of a great maple tree growing between his garden fence and a country road. As he stood in the comforting cool, surveying the lush, green, orderly rows of his garden, a neighbor, driving by, pulled up close to the fence and also took note of the neat, and abundantly fruitful garden. He turned to the man in the cool shade and nodding his head with fine approval toward the garden, he said with profound authority: "Yes sir, a mighty fine garden, you sure are a lucky man!" The gardener replaced his straw hat, lifted his hoe, and with a singular, "Yup!" moved back out into the hot sun as the dust from the departing auto drifted over the green crops.

Because he was the man with the hoe, he had long since learned that it is futile to respond to such a comment; 'tis better to quietly return to that which he knows is more than "luck."

Webster refers to *lucky* as: "happening by chance." The neighbor's observation and subsequent statement are representative of a dangerous half-truth so prevalent these days. Perhaps he knows what many know who have no particular acquaintance with gardening: that the weather, the helpful or harmful climate, is pretty much beyond man's control. Therefore, when he notices verdant crops, neat, orderly rows, abundant healthy growth, all representative of a bountiful harvest, he seizes upon this "element of chance" and utters his half-truth. The most important factor,

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which he has failed to grasp, has to do with the knowledge, industry, and application the gardener must put forth, and without which, good or bad weather notwithstanding, the crop would be a failure.

Orestes A. Brownson, in *The American Republic* in 1866, said the same thing, but in a little different way which broadens the perspective:

> Conception is always easier than its realization, and between the design and its execution there is always a weary distance.

Remaining with the garden a little longer – little effort is expended as the garden is planned by the warm hearth during the cold winter months which precede the new birth of spring. But then the plot must be laid out, the soil fertilized and tilled, the seed sown and carefully watered, the weeds pulled again and again, before the plan for the garden moves toward fulfillment. Meanwhile, time and energy, know-how and tender care, and patience have come to represent "a weary distance."

What does "a weary distance" mean? It means an extended period of time during which there has been an exhaustive expenditure of vigor, endurance, and freshness, an intensive acquisition and application of know-how, and a diligent exercise of responsibility.

Leaving behind now the garden green, and considering in greater depth what makes "a weary distance," it is easy to see that here lies, seldom used and rusting away, a most successful formula.

Despite this age of flip marriage and frequent divorce it seems appropriate to seriously consider a more compatible marriage between "conception" (a general idea) and "realization" (the real accomplishment), between the idea man – the stem-winder – and the fellow who "gets the job done."

Instead of continued subscription to expediency, and obeisance to the false notion of the "easy way", there needs to be a recommitment to the full assumption of responsibility, which inevitably means some element of sacrifice blended with just plain hard work. Continued infatuation with "chance" and "wishing will make it so" will mean continued failures.

The present harvest of unchecked inflation, which is robbing everyone – most shamefully the very young and the very old – is the direct result of the refusal to take the route of "a weary distance." It is in this regard, that, as a people, we need a baptism of common honesty.

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Was Plato a COLLECTIVIST?

JOHN J. ROBERTS

IDEAS have consequences, the late Richard Weaver was fond of reminding us; it is an argument dear to the heart of every student of liberty. And no ideas have so permeated Western intellectual history as have those of Plato. Indeed, the whole history of Western thought, as Alfred North Whitehead suggested a few years ago, may be seen as a series of footnotes to Plato.

It is, consequently, much to the embarrassment of many individualists that Plato is frequently claimed by collectivists as one of their own. The claim is doubly discomforting because individualists are inclined to give much weight in their world-views to the place of tradition and ideas.

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The simple truth is that individualists yield Plato to the collectivist ranks all too acquiescently. The Plato known to most men, of course, is the author of the *Republic*, with his utopian proposals for a strictly regulated society under the benevolent mailed fist of a single philosopher-king. The society depicted in this book is truly a far different thing from that envisioned by lovers of individual liberty. Such liberty is sacrificed in the *Republic*, as in every slave society since, for the sake of an alleged greater communal welfare.

But there is another Plato, less well known. The *Republic* was a comparatively early work; Plato's growth was hardly arrested at this stage. Perhaps his last completed work is the *Seventh Letter*, in certain ways a much more significant

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document than even the *Republic*.

This epistle was written in 353-352 B.C., when Plato was about 75 years old, to the relatives and comrades of his own friend and former pupil, Dion of Syracuse. The letter, in reply to a request for aid in avenging the assassination of Dion, is an extended *apologia pro vita sua*, a spiritual autobiography in which the old man, now only five or six years from death, surveys in retrospect his long life.

"In my youth," the letter relates, "I went through the same experiences as many other men. I fancied that if, early in life, I became my own master, I should at once embark on a political career."[1]

Circumstances Change Plans

These aspirations were frustrated, largely by circumstances beyond Plato's control. The golden age of Pericles had passed; Plato grew up during the twin disasters of the Peloponnesian Wars and the collapse of the Athenian Empire. These dual catastrophes resulted in bitter power struggles between democrats and oligarchs in Athens, culminating in the year of anarchy, 404-403 B.C.

Plato's family, on both paternal and maternal sides, was aristocratic, and naturally aligned itself with the old Athenian Right Wing. This group, which included Plato's uncle Charmides and his cousin Critias, succeeded in establishing the Tyranny of the Thirty in 404.

"They at once invited me to share in their doings, as something to which I had a claim," Plato remembered in the *Seventh Letter*. "The effect on me was not surprising in the case of a young man. I considered that they would, of course, so manage the State as to bring men out of a bad way of life into a good one. So I watched them very closely to see what they would do."

Plato was only twenty-four when his education in the ways of the world began. For the oligarchy did not – "of course" – bring good government to Athens. Among other outrages, it attempted to implicate Socrates in a murder. Plato, who had been a friend if not actually a student of the aged teacher, was shocked and surprised.

The oligarchy was soon afterwards overthrown by a democratic counterrevolution, and again Plato felt his personal ambitions rise. "And once more," he recollected, "though with more hesitation, I began to be moved by the desire to take part in public and political affairs."

[1] I quote throughout from the text in the Great Books edition (Chicago: Encyclopedia Britannica, 1952).

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But he soon discovered that democratic despotism was not significantly different from oligarchic despotism. The new regime itself not only went after Socrates, but convicted him in what has become the world's most infamous trial. Socrates died in 399.

"As I followed these incidents and the men engaged in public affairs," Plato remembered, "the laws too and the customs, the more closely I examined them and the farther I advanced in life, the more difficult it seemed to me to handle public affairs aright."

Signs of Maturity

The young man with all the answers clearly was maturing into his share of common sense. He was also having second thoughts about the practical chances of a political career at this time.

"Though at first I had been full of a strong impulse towards political life," the *Seventh Letter* continues, "my head finally began to swim; and, though I did not stop looking to see if there was any likelihood of improvement in these symptoms and in the general course of public life, I postponed action till a suitable opportunity should arise."

With a certain touching naivete, perhaps characteristic of the extremes of idealism and cynicism to which youth is prey, Plato now turned against both democracy and aristocracy. He concluded grandly "with regard to all existing communities, that they were one and all misgoverned."

The only salvation, he deduced, was for power to rest in the hands of a wise dictator: "Therefore, I said, there will be no cessation of evils for the sons of men, till either those who are pursuing a right and true philosophy receive sovereign power in the States, or those in power in the States by some dispensation of providence become true philosophers."

While Plato was indulging himself in such speculations, the political temperature in Athens was steadily rising. Not being utterly without discretion, Plato recognized that the time was ripe for some traveling. He left on an extensive grand tour which kept him away from Athens for more than a decade.

At some point in this wandering, he arrived in Sicily, where he had audience with Dionysius the Elder, tyrant of Syracuse, and discovered in the dictator's brother-in-law, Dion, a ready disciple.

Plato as Teacher

In 387 B.C. Plato returned to Athens, where he found the political climate still unfavorable. The bane of all professional educators is that jibe, "Those who can, do;

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those who can't, teach." Plato himself, finding it impossible to enter politics, turned to teaching the subject to others.

His suburban school in the grove of Academos heavily emphasized political and juridical theory. Moreover, his students went forth throughout the Mediterranean world as advisors to rulers; Plutarch, among his other considerable labors, compiled an impressive list of the political advisors trained by Plato – including Aristotle himself, who brought up the man later known as Alexander the Great. Shortly after founding the Academy, Plato also began committing to paper his dreams of the philosopher-king he had not yet found in real life. The *Republic* was finally finished around 375 B.C.

Then, in 367, a curious thing happened. That was Plato's sixtieth year; it was also, incidentally, the year Aristotle came to the Academy as a pupil. In this year, Dion sent word to Plato that Dionysius the Elder had died and was being succeeded by his son, who could use a philosopher's guidance.

The Lure of Politics

All the pent-up idealism and lust for personal political involvement in the sixty-year-old Plato responded to Dion's invitation. In the *Seventh Letter,* Plato recalled having thought to himself that "if ever anyone was to try to carry out in practice my ideas about laws and constitutions, now was the time for making the attempt; for if only I could fully convince one man, I should have secured thereby the accomplishment of all good things."

Unfortunately, Dionysius the Younger proved to be no more attracted to the virtues of philosopher-kingship than are most tyrants. In fact, Plato had been his guest at court only some four months when Dion was banished; the young tyrant had Plato himself put under a kind of house arrest. The aging philosopher eventually managed to return to Athens, but only after considerable personal danger.

And here emerges a thing truly amazing: a few years later, in 361 B.C., Plato made yet another quixotic voyage to Syracuse! Dionysius had been importuning the sage to return, and Dion, although in exile, added his pleadings; both men assured Plato that Dionysius had undergone a change of heart and was now truly anxious to learn the life of philosophy.

Plato's longing to believe this dubious tale was obviously rooted deeply, for he rationalized away his reservations, forsook his wits, and packed his grip.

"I myself had a lurking feeling

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that there was nothing surprising in the fact that a young man, quick to learn, hearing talk of the great truths of philosophy, should feel a craving for the higher life," is the rather lame excuse offered in the *Seventh Letter*. "So blindfolding myself with this reflection, I set out, with many fears and with no very favourable anticipations, as was natural enough."

The next sentence is revealing and sufficient: "I had the good fortune to return safely. . . ." Never again did Plato attempt any active political role.

Realism in the "Laws"

To measure the extent of Plato's disillusionment with dictatorship as well as with oligarchy and democracy, it is instructive to turn to the *Laws*. He began work on this major project around 360 B.C., interrupted it to write his *Seventh Letter*, and was engaged on the final revision when he died in 348 or 347.

In the *Laws*, Plato is no longer concerned with designing an ideal state. He now seeks to frame a constitution applicable to any society of ordinary Greeks in the middle of the fourth century before Christ.

The philosopher-king of the earlier *Republic* is nowhere to be found here. In the *Laws*, Plato dismisses government by personal direction of a benevolent despot as simply not practical. The conditions of actual life rule out the possibility of any one fallible man combining in himself all the virtues requisite to a genuine philosopher-king. Instead, the state's best hope lies in a mixed constitution, balancing in a golden mean the opposite but equally necessary principles of popular control and personal authority ("democracy" and "monarchy," in Plato's terminology).[2]

Economically, the system of the *Laws* also differs considerably from that of the *Republic*. Plato now dismisses his earlier communism, on the same grounds as he does dictatorship: it simply is not practical. Socialism may be the most desirable of all utopian goals, he says, but it just will not work in the real world.[3] The father of Western thought has here, in his old age, achieved a blend of common sense and uncommon wisdom, unfortunately not ubiquitous among subsequent generations.

Age and Experience

But in another and even more important respect have age and experience modified the young man's utopian idealism. Plato's thought began with the desire to reinstate

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2 See especially *Laws*, III, 693-694.

3 *Laws*, V, 739-740.

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the totalitarian ethic of the old Greek city-state, and a political career seemed the natural corollary of such a macrosocietal premise. However, he came to recognize that the philosopher is a man doomed to failure in the practical world. Plato's own bitter experience is not unique, of course, and he must often have recalled the fate of his friend Socrates. Even today, we still mock as the archetype of the impractical intellectual the Greek Thales, who tumbled into a well because he was gazing up at the stars.[4]

"This is a jest which is equally applicable to all philosophers," Socrates says of Thales. And yet only the philosopher – the lover of wisdom – is truly a free man.[5] Ridiculed and rejected by the world he would save, the wise man must at last, in that magnificent phrase of Socrates from the end of the *Republic*, fall back upon "the city which is within him" (IX, 591).

It is a much-vexed issue to what degree Plato used Socrates as a mouthpiece for his own views in the dialogues, but at this point we seem to have the words of the older man. It is clear, at least, that Plato's initial disappointment at his own political impotence was not sufficient to prevent his Sicilian journeys after the *Republic* was completed.

Content to Cultivate His Own Garden

But it is equally clear that the observations of Socrates at the end of Book IX of the *Republic* could just as well have been spoken by the Plato who returned from the final Sicilian trip. Jesus was later to note that a prophet is not without honor save in his own country; likewise, Socrates cynically held that a wise man cannot succeed as a statesman, at least "not in the land of his birth," except by the improbability of divine intervention. He will be a statesman only in that heavenly city of Ideas or Forms, Socrates insisted, and whether such a city "exists, or ever will exist in fact, is no matter; for he will live after the manner of that city, having nothing to do with any other" (IX, 592).

Plato came at last to the conviction of Socrates that the wise man will above all cultivate his own garden, restricting his teaching efforts to selected individuals around him who will then go out to other individuals, including, hopefully, kings and rulers. This ultimate concern with the individual is not devoid of social im-

[4] The story is reported by Socrates in the *Theaetetus*, 174.

[5] See Socrates' justly famous argument in the *Theaetetus*, 173-176.

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plications, of course, as Plato makes clear in both the *Seventh Letter* and the *Laws*. The State must have good laws, both written and unwritten, but the best laws ever devised will not prove effective if the State is not peopled with an aristocracy of good men. The individual ethos is of supreme importance; the just society is impossible without it.

At the risk of some simplification, we may say that the difference between the early Plato of the *Republic* and the older Plato of the *Seventh Letter* and the *Laws* is the difference between the collectivist and the individualist. If modern statists isolate and elevate the collectivist biases of the *Republic*, certainly students of liberty may study with profit and claim with pride the older, wiser Plato.

IDEAS ON LIBERTY

The Man versus *The State*

BEYOND the regulative apparatus such as in our own society is required for carrying on national defence and maintaining public order and personal safety, there must, under the *régime* of socialism, be a regulative apparatus everywhere controlling all kinds of production and distribution, and everywhere apportioning the share of products of each kind required for each locality, each working establishment, each individual. Under our existing voluntary co-operation, with its free contracts and its competition, production and distribution need no official oversight. Demand and supply, and the desire of each man to gain a living by supplying the needs of his fellows, spontaneously evolve that wonderful system whereby a great city has its food daily brought round to all doors or stored at adjacent shops; has clothing for its citizens everywhere at hand in multitudinous varieties; has its houses and furniture and fuel ready made or stocked in each locality.... And throughout the kingdom, production as well as distribution is similarly carried on with the smallest amount of superintendence which proves efficient; while the quantities of the numerous commodities required daily in each locality are adjusted without any other agency than the pursuit of profit.

HERBERT SPENCER

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ECONOMICS and the PRESS

BRIAN SUMMERS

MOST PEOPLE agree that a free press is a vital component of a humane society. Yet many of these same people assert that the free enterprise system is not only superfluous to achieving and maintaining a humane society, but is, in fact, the one great obstacle to its fruition. That is, they believe that freedom of the press can somehow be preserved while economic freedom is being destroyed. Let us give this matter a little thought.

A good place to begin is the question of property. Who is to own the printing presses, buildings that house the presses, and land on which the buildings are situated? If the institution of private property is abolished, then they must be owned by the state. Human nature being what it is, it is extremely doubtful that government presses in government buildings on government land would print much copy that displeased the government. This alone is probably enough to ensure that publications like *Pravda* will never be anything other than state propaganda sheets.

Even if a socialistic government decided that publishers are somehow different from everybody else and granted them the exclusive right to own property, this would by no means guarantee journalistic independence. Where are the publishers to get their supplies? Who is to manufacture and distribute the newsprint, ink, spare parts, and all the other paraphernalia needed to keep the presses running? As publishers in

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Chile have recently found, government control of these supplies can be an effective lever against dissent.

As these examples show, constitutional guarantees of press freedom can prove meaningless if the state has some control over the economic factors of publication. To pursue the matter further, let us consider the publisher's sources of revenue. If he does not want to find himself beholden to the state, his sources had best not include the government. In capitalistic countries the two main sources are private in nature: sales and advertising. In fact, some publications are free – they exist entirely on their advertising revenues. Without such privately financed advertising, numerous independent journalistic voices would be stilled.

In socialist countries there is little need for advertising because there is little or no competition. The government manufactures the only products being offered on the market, aside from whatever imports it may permit. Being a monopolist, the state has little or no reason to place advertisements. If the government does buy advertising space, publishers are well aware of where the money comes from.

Even in a mixed economy, such as we have in the United States, government advertising can have a chilling effect on journalistic independence. Many newspapers operate on the border between profit and loss. To more than one small paper a contract for legal advertising for the county has meant the difference between red and black ink.

The free enterprise system is important to the publisher for more than just maintaining his journalistic integrity. Even if he maintains his integrity, he must still deal with a problem facing all entrepreneurs: staying in business. Government interventions in the economy often make this problem insurmountable. To cite just three examples, the publisher must contend with government inflation of the money supply, rising taxes, and laws that prohibit the hiring of nonunion workers. The last have been particularly damaging, for they have not only increased overhead, but they have also led to lengthy strikes that have temporarily, and sometimes permanently, put newspapers out of business.

As even this cursory examination reveals, freedom of the press, which so many Americans hold as sacred, is not an isolated freedom. Rather, it is based on the economic freedoms which many Americans, particularly members of the press, view with disdain.

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IMITATION

R. J. RUSHDOONY

THOMAS A KEMPIS (1379-1471) wrote a devotional manual entitled *On the Following* (or *Imitation*) *of Christ*, said by some to be, after the Bible, the most widely read book in history. The title sums up the major cultural goal in the history of Western civilization, the attempt to create a social order in terms of Christ and Scripture. With the Renaissance, and then with the Enlightenment and the French Revolution, another cultural goal came into existence, the imitation of the non-working rich, royalty, or nobility. The object of envy and imitation became the idle classes, men beyond work, men who could live in contempt of monetary considerations, morality, and law. The rake and the dandy became heroes; they seemed to live a life without reckoning, and without a day of economic or religious judgment.

The beginning of the era of revolutions did not lead to a proletarianization of culture. Instead, the new classes in power began to imitate the vices of the old aristocracy and to flaunt their contempt of economics and religion as a means of proving that they had arrived. In France, from Louis XIV on, the court was marked by gambling on a massive scale, and sexual immorality. Nineteenth century France saw the new classes imitate royalty, and courtesans triumphed as never before. In Red China, the elite communist cadres put the old war lords to shame with their more systematic exploitation of women, their use of power to promote their idle fancies, and their childish and senseless pride.

Each new generation of leaders has imitated the older idle rich

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and have built houses, not in terms of convenience and utility, but as imitation palaces, and furnishings still are prized because they echo the ornate vulgarity of the Bourbon styles. The "proletarian art" of Marxist countries is officially required to imitate the older styles of royal Europe in the name of socalist realism, whereas non-Marxist art despises the same tradition in art because the middle classes borrowed and used it for a time. Modern art strives instead for a new elitism which is non-utilitarian in a radical sense.

The Training of Gentlemen

In education, the goal on the part of the traditional scholar is the training of gentlemen. Witonski thus deplores the instrumentalism of American universities, where, "Instead of studying, say, Latin poetry, a student can study urban race relations, an instrumental course that will be of little use to him in the real world." (Peter Witonski: *What Went Wrong With American Education,* p. 112. New Rochelle, N.Y.: Arlington House, 1973.) But of what "use" is Latin poetry "in the real world"? Witonski's idea of a liberal education is hopelessly obsolete. A liberal education is an education in the art of freedom, of being a free man (*liber* meaning free), and Witonski, as an Oxford and Harvard scholar, has a view of freedom which is irrelevant to our world, and, in its own way, almost as worthless as courses in hotel management. The scholar as a member of the idle class, a man who *is* rather than *does,* is meaningless increasingly. The scholar who *does* seeks to imitate the "social relevancy" of agitators. The academic scholar thus has been unable to define himself in our era because he lacks a faith which makes for valid definition. This underscores his increasing irrelevance to the future in any constructive sense.

The styles of men and women in the age of aristocracy stressed clothing which made people useless for work. Women emphasized this by their hair-styles, shoes, and finger-nails: they were beyond work. The goal of most moderns is the same non-utilitarianism and the same lust for an aristocratic idleness. The hippies have also manifested the same contempt for the world of work: they drop out of study and work. They emphasize hand crafts and aristocratic arts as alone relevant to their cultural goals.

"The Puritan work ethic", as the antithesis of this imitation of the non-working or idle rich, has been especially under attack. In the 1920's, as a boy in Detroit, one of the most remarkable facts

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was the pride of workers in automobile factories: they urged friends to take the guided tour through, for example, the Ford plant, to see the assembly line. Instead of boredom, there was a delight in the high volume of production and a boastfulness about what their work was doing to change the world. The reason for this attitude was the "Puritan work ethic." The increasing signs of boredom today mark not only the automobile workers but white collar workers, executives, intellectuals, and men in every area of work. The reason is a change of faith, the growth of a delight in idleness rather than work. Increasingly, men no longer live to work, but work in order to be able to play. The *Playboy* dream is to cultivate the appearance of being a member of the idle rich from college days on.

The idle rich were a reality, but always a sign of approaching death and collapse. The nobility of France, for example, became idle and useless when Louis XIV required their presence at court and stripped them of power to prevent revolts. As a growing bureaucracy took over, the monarchs themselves became idle and finally irrelevant. Today, because of the proletarianization of the dream of idleness, men of all classes are determined to make themselves irrelevant and to commit cultural suicide.

Imitating the Idleness, Not the Greatness, of the Rich

The hatred of capitalism is largely inspired by the old dream of imitating the nobility and royalty, not in their greatness, but in their decadence. The life style of the future requires, we are told, living in terms of fun and games. We are asked to despise mass production in favor of handcrafts, and to love the new morality rather than to obey God.

The rich have always been with us, as have the poor. The lines, historically, have been very sharply drawn. To the horror of the nobility, the Industrial Revolution not only created a new rich class, the industrialists and merchants, but it made good living cheap enough for the middle and lower classes. Capitalism undermined the old aristocracy and dramatically benefited the masses. As Hazlitt notes, "Before the Industrial Revolution the prevailing trades catered almost exclusively to the wants of the well-to-do. But mass production could succeed only by catering to the needs of the masses." (Henry Hazlitt: *The Conquest of Poverty*, p. 54. New Rochelle, N.Y.: Arlington House, 1973.) The result was the rapid rise in the standard of living

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among all peoples in Western Europe.

A savage counter-attack came from the two major branches of the old aristocracy, the lords and the intellectuals. A series of "investigations" were launched in England to dredge up every case of capitalistic exploitation in order to build a case against the new class. Since no class is exempt from sin, such examples were found and publicized by both the lords and also by the intellectuals. (See F. A. Hayek, editor: *Capitalism and the Historians*. The University of Chicago Press, 1954.) Socialists and aristocrats made common cause in their hatred of the levelling influence of the free market. Karl Marx, by virtue of being an intellectual, entered the ranks of the aristocracy and married into the nobility. In *The Communist Manifesto,* he echoed the aristocratic hatred of the Industrial Revolution while admitting its revolutionary impact on the world. Marx charged, "The bourgeoisie, wherever it has got the upper hand, has put an end to *all feudal, patriarchal, idyllic relations*. It has pitilessly torn asunder the motley feudal ties that bound man to his 'natural superiors', and has left no other nexus between man and man than naked self-interest, than callous 'cash payment'." The bourgeoisie had replaced the old aristocracy, with its junior members, the intellectuals, with a new upper class, the producers, and Marx could not forgive them for that offense. While ready to admit the remarkable effects of industrialism, he took offense at its by-passing of the intellectual. He countered with an Hegelian dream in which the seduced masses, rejoicing in the new affluence, were offered even more affluence if only they followed the intellectuals as their philosopher-kings. One point Marx saw clearly. Power had belonged to the royalty and landed nobility, because, in the old order, they largely controlled property. This old aristocracy had made room for the intellectual; a Ph.D. had standing as a junior member of the aristocracy, and, if he were a Goethe or a Voltaire, with or without a degree he was an uncrowned king. That eminence had been shattered. Capitalistic production had created new and cheap property, good property, and even landed property was being taken over by the middle and lower classes with their new wealth. In *The Communist Manifesto,* Marx declared, "The distinguishing feature of Communism is not the abolition of property generally, but the abolition of bourgeois property. . . . In this sense, the theory of Communism may be summed up in the single sentence:

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Abolition of private property. . . . Capital is therefore not a personal, it is a social power." Once a feudal aristocracy had controlled this social power, property. Marx now proposed that a new feudal aristocracy, the dictatorship of the proletariat, the intellectual elite, control this social power. The Marxist "revolution" was the ultimate in counter-revolutionary thinking: it was aimed at undoing the effects of the Industrial Revolution.

Sabotaging Production

In a variety of ways, the New Left continues in this reactionary, counter-revolutionary tradition. "Detroit" is a symbol of the hated mass producer. Production has polluted the world, the ecology people hold, ignorant of the greater pollution which preceded the Industrial Revolution, or of the times when the rivers of Europe were dead streams in a way beyond our present knowledge. The goal of the New Left is to sabotage the great seducer of the common man, production. Instead of realistic attempts at dealing with pollution, the "eco-freaks", the New Leftist exploiters of ecology and conservation, concentrate instead on *destroying production*. Through legislation and sabotage, production is hampered. Oil shortages are one result. The oil reserves in America alone are enormous, despite the statements to the contrary, but drilling is restricted, and new refineries are not built because of restrictions. Off-shore drilling has a remarkable record of safety; the Santa Barbara incident had overtones of sabotage. Today, guards are necessary on off-shore installations to prevent sabotage by groups who want to create destruction in order to make production anathema. It is the mark of the New Leftist aristocracy to despise mass production in the name of the masses, to hate an abundance which enables "the common man" to have as much as an intellectual. One well-paid university professor climaxed and concluded a long tirade against capitalism by declaring, "Do you realize that my plumber makes more money than I do?" This was the ultimate insult: the free market economy had given a plumber more money than a professor! The professor's contempt of capitalistic materialism had a materialistic ring. In every age, disproportions have existed such as the professor cited, and in every society. They are not corrected by envy and mass suicide.

We see also a horror of abundance in the New Left and a desire to *destroy abundance*. The delight of the New Left in handcrafts is revealing. What they produce is

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sometimes good, sometimes crude and childish, but, in either case, it has for them the virtue of being a scarce product. Scarcity is prized and abundance is despised. There is a contempt in every area of the common and the abundant. For example, to have a lovely flower or shrub in one's garden which grows and blooms readily is somehow despised and frowned upon. The idea is to coax growth out of something which does *not* do well in that locale. Achievement is not seen as beauty but as scarcity and exclusiveness. For many, a flower is not beautiful if it is common. In my university days, I heard professors on a few occasions ridicule the Californian's affection for his state flower, the poppy. In those days, tens of thousands of acres were covered with poppies every spring. Since then, cultivation and the extension of farming into new areas has caused the poppy to recede. A student has told me that he has heard professors denounce the destruction of the California poppy by the extension of farming. This is typical: abundance is despised, and scarcity is prized, because only the elite can afford the scarce item.

To cite one more example among many, *styles* reflect the same hatred of that which all men can enjoy and the same lust for the aristocratic. The aristocratic in this definition is not the superior but rather the exclusive and the scarce. Whether the style is in dress or in a fad, as long as it is the mark of the avant garde, everybody is ready to imitate and adopt it. The imitation of the idle rich, the jet set or any other group, is a major passion. Is it chic to see a certain pornographic film, to favor homosexuals, or to adopt a style? Then all climb aboard the bandwagon of liberal or radical chic, hippy chic, or what have you. However, when it becomes popular, it perishes. Is everybody doing it? Then forget it.

The imitation or the following of Christ had as its goal life. The imitation of the ideal of the idle rich, of aristocracy as imagined in the modern era, has as its goal *irrelevance*.

The *privileged* groups of the monarchist era in France had as their social goals and principles four things. First, they believed in inequality, however much they idolized Rousseau and his gospel of equality. It was an article of faith with them that some men are more equal than others. Second, they believed in the autonomy of the aristocracy; they were exempt, or should be, from the laws which bind common men. Third, they were "different" and hence could not be included in the body politic in the same way as other men.

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Fourth, even though they had little power, they regarded the exercise of state power as their natural right. It is this heritage which the intellectuals and the New Left (as well as the Old Left) have largely adopted. It is a policy of studied irrelevance, and its only real power is, not to produce, but to destroy.

Another factor which has since been added is *madness*. The extent to which madness is a theme of importance in modern culture is rarely appreciated. Before Freud, the cultivation of new and aristocratic mental illnesses was already prominent. Psychoanalysis became an "in-thing" for a time for the self-styled elite. In fiction, television, and motion pictures, the subject of madness is a common one, and an appealing one to many. Mental illness is in fact systematically courted as a liberating process by sensitivity and encounter groups, and industry for a time recently worked to cultivate mental illness as though it offered a way to a higher status and health. This cultivation of mental illness is still a "growth industry", typical of the new, non-productive growth "industries" of our time. Gene Church and Conrad D. Carnes, in *The Pit, A Group Encounter Defiled* (New York: Outerbridge & Layard, 1972), gives us an account of the kinds of depravity cultivated in the attempts to gain leadership and aristocracy through induced madness.

An age which despises production and abundance and pursues scarcity, idleness, and irrelevance will certainly gain all these things, and will destroy itself in the process. Scarcity is ahead, and irrelevance, and death as well. The age of the state, the world of humanistic man, is committing suicide. We will be hurt in that process, but it is also a forerunner of our deliverance. More than ever, we must work to re-establish our roots in the Biblical faith and order, to establish new schools and institutions to rebuild society.

In 1961, in the concluding paragraph of my book, *Intellectual Schizophrenia, Culture, and Education*, I wrote: "The end of an age is always a time of turmoil, war, economic catastrophe, cynicism, lawlessness, and distress. But it is also an era of heightened challenge and creativity, and of intense vitality. And because of the intensification of issues, and their world-wide scope, never has an era faced a more demanding and exciting crisis. This then above all else is the great and glorious era to live in, a time of opportunity, one requiring fresh and vigorous thinking, indeed a glorious time to be alive." More than ever, this is true today.

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Eyewitness to History:

Memoirs and Reflections of a Foreign Correspondent for Half a Century

Isaac Don Levine, who describes himself as a "mutualist" (meaning that, like Leonard Read, he believes in "anything that's peaceful"), has for many years been our most vigorous and competent authority on the machinations of the Communists. You would think that he would be full of honors for his many services to freedom, but the strange thing is that he still suffers from being ahead of popular opinion in his efforts to arouse a sleeping Republic to various totalitarian menaces. His fascinating autobiography, *Eyewitness to History: Memoirs and Reflections of a Foreign Correspondent for Half a Century* (Hawthorn, $10), is a compendium of journalistic "firsts" that few people accepted as truth at the moment, even though events have invariably sustained the Levine point of view.

When Don Levine was growing up in Czarist Russia before World War I, he was conscious that there was a New World on the far side of the globe where "live and let live" was the rule and the doctrine of mass terror was unknown. His father wanted to give him an orthodox Hebrew education, but he persisted in imagining that the Dnieper River was Mark Twain's Mississippi. He read *Tom Sawyer* and *Huckleberry Finn* in Russian translations, along with Fenimore Cooper's *The Last of the Mohicans,* and when, on the occasion of Mark Twain's death in 1910, a local paper printed a dispatch about the erection of a statue to Twain on the river bluffs at Hannibal, Missouri, Don asked the editor if he would like an eyewitness report of the statue's unveiling.

When the editor expressed amusement, the young Don took it as encouragement. Accepting the editor's interest as evidence of a bona fide assignment, Don surprised his skeptical friends by geting a passport, which was not an

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easy thing to do. He arrived in New York in October of 1911, intent on shaking the mud of the Dnieper River banks from his boots in favor of real Mississippi mud. In pursuit of his dream he wound up in Kansas City, where the mud was Missouri mud. Intent on making himself as much of a native as possible, Don entered a high school in the most exclusive residential area of the city. He was going to be a midwest American, and nothing else.

Came the Revolution

The Russian Revolution intervened. The trouble with Don Levine was that he knew Russian, and there was a journalistic market for informed articles on what was happening as Kerensky rose and fell and the Bolsheviks made their bid to take over. Don translated some Russian handbills for Garet Garrett, then the managing editor of the New York Tribune, and they turned out to be the first news bulletins of the Revolution. This curious news beat made Don an expert, and it wasn't long before the boy who had wanted above all to be a midwest American found himself back in Russia, working for Victor Lawson, the publisher of the *Chicago Daily News*.

Don Levine was never taken in by the Bolsheviks, which meant that he had "liberal" America to fight. On the other hand, he didn't make the journalistic mistake of thinking Lenin and Trotsky were in danger of defeat by the White Russians and Admiral Kolchak. Cleaving to the truth, Don described Trotsky, for example, as a great actor in a live drama, but no hero or genius. Lenin, to Don, had a closed and unoriginal mind and did nothing to change the inner character of the State. And when Don Levine wrote the first extended biography of Stalin, he saw him as a Tammany Hall figure, a "boss" without idealistic features. (This was before the big trials and purges of the Nineteen Thirties had revealed the real bloodiness of the Stalin character.)

Out of phase with the Western "liberals" who insisted on seeing the Russian "experiment" even under Stalin as something holy, Don Levine remained a minority voice among the intellectuals of the Twenties and the Thirties. His pattern, which was that of the youth who insisted on pointing out that the naked emperor was indeed naked, was set, and it was perhaps a foregone conclusion that he would be unable to get President Franklin D. Roosevelt to listen to Whittaker Chambers's revelations about the extent of Soviet spy infiltrations at the time of the Nazi-Soviet Pact.

Levine met Chambers—or "Carl,"

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as he had been known when he was a Communist courier – through Herbert Solow, a specialist in Soviet intrigue who later became a most gifted editor of *Fortune* magazine. It took a good deal of doing to get Chambers together with Assistant Secretary of State Adolf Berle, who was willing to guarantee, at least implicitly a promise of immunity from prosecution to an ex-spy who could furnish evidence that would benefit the country. Chambers was a most reluctant witness (he had no vindictive spirit against Alger Hiss), but he told enough about the spy rings working in Washington to frighten Berle. When the information went to the White House, however, Roosevelt scoffed at it. So nothing happened for seven long years until the House Committee on Un-American Activities, reacting to the Cold War, started digging into the subject of Soviet penetration of the Washington bureaucracies.

Insights and Revelations

The Chambers story is a high spot in Don Levine's book, but it is only one of a number of revelations that correct the historical record of our times. Don Levine ferreted out more facts bearing on the assassination of Leon Trotsky than anybody else was able to dig out. He had interesting contacts with Albert Einstein, who was willing to help him when it came to exposing the Nazis but who timidly froze up when asked to apply an anti-totalitarian standard to the machinations of the Communist Party. He investigated the slaughter of the Romanoff royal family, giving us unforgettable pictures of what happened both before and during the hail of bullets that cut down Czar Nicholas, Czarina Alexandra and their five children in the cellar at Ekaterinburg.

With his knowledge of the terrorist mind and tradition, Don Levine was probably the first journalist to grasp the meaning of Lee Harvey Oswald's assassination of President Kennedy. Oswald brought the Che Guevara-Maoist terror to American soil, where it was to rage throughout the later Nineteen Sixties, resulting in the murders of Martin Luther King and Bobby Kennedy and in the disruption of universities all over the country.

No Compromise with Communism, But a Balance of Powers

Levine's final chapter shows him going against the prevailing hopes of detente with the Communists. The conflict between tyranny and freedom won't end, he says, until there is a world of free men everywhere. But he sees "a road to safety for the United States and the rest of the free world" in the

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contest between Moscow and Peking for the domination of Asia. He has listened respectfully to refugees from the Chinese interior province of Sinkiang who say, "The salvation of the free world lies in the continuance and acceleration of the Sino-Soviet conflict." He worries a bit about a possible Japanese-Chinese entente in Asia and an embryonic Russo-German rapprochement in Europe. He hopes these won't be allowed to sprout, for if they do it is bound to augment the burden of the arms race the U.S. must carry.

Therefore, Levine suggests, the U.S. should strengthen ties with West Germany and Japan, leaving Russia and Red China to their own devices.

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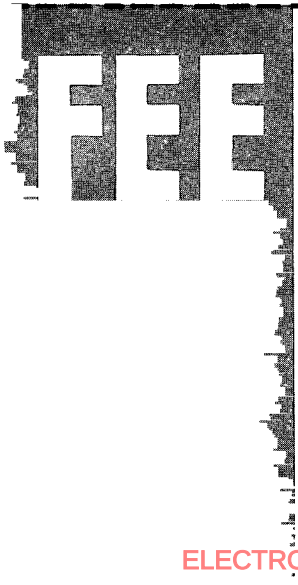

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